

(Translation for reference only)

(Security Code: 5411)

May 30, 2018

Notice of the 16th Ordinary General Meeting of Shareholders

Dear Shareholders:

JFE Holdings, Inc. (“JFE” or the “Company”) hereby would like to inform you that the 16th Ordinary General Meeting of Shareholders will be held as follows, and would be grateful if you could attend the Meeting.

If you cannot attend the Meeting, you may exercise your voting rights through one of the following means. We ask that you exercise your voting rights after carefully reading the “Reference Materials for General Meeting of Shareholders” shown below.

[Exercise of voting rights in writing]

You are kindly asked to send us via return mail the enclosed voting form after indicating your approval or disapproval of each Proposal no later than 17:30 on June 20, 2018 (Wednesday).

[Exercise of voting rights via electronic media (including the Internet)]

You are kindly asked to exercise your voting rights no later than 24:00 on June 20, 2018 (Wednesday) in accordance with the instructions contained in the “Guide to Exercising Your Voting Rights via Electronic Media (including the Internet)” shown on page 5.

Yours faithfully,

Eiji Hayashida

Representative Director, President and CEO

JFE Holdings, Inc.

2-3 Uchisaiwai-cho 2-chome, Chiyoda-ku, Tokyo

(Translation for reference only)

1. Date and Time: Thursday, June 21, 2018, 10:00 a.m. (doors scheduled to open at 9:00 a.m.)

2. Venue: Peacock Room of the Imperial Hotel, Tokyo (Teikoku Hotel), 2nd floor of the Main Building
1-1 Uchisaiwai-cho 1-chome, Chiyoda-ku, Tokyo

3. Objectives of Meeting:

- Items to be reported**
1. Business Report, Consolidated Financial Statements and Accounting Auditor's and Audit & Supervisory Board's Reports on Consolidated Financial Statements for the 16th term (from April 1, 2017 to March 31, 2018)
 2. Non-consolidated Financial Statements for the 16th term (from April 1, 2017 to March 31, 2018)

Items to be resolved

<Company's Proposals (Proposal 1 through Proposal 6)>

- Proposal 1: Dividend of surplus
- Proposal 2: Election of eight Directors
- Proposal 3: Election of two Audit & Supervisory Board Members
- Proposal 4: Payment of Directors' bonuses
- Proposal 5: Revision of remuneration amounts for Directors and Audit & Supervisory Board Members
- Proposal 6: Determination of amount and content of medium- to long-term performance-linked remuneration for Directors

<Shareholder's Proposal (Proposal 7)>

- Proposal 7: Dismissal of one Director

4. Other Resolutions Determined upon Convocation

- (1) If a proxy attends the meeting on your behalf, please have your proxy submit your voting form and a form stating that you give power of attorney to your proxy.
- (2) When you exercise your voting rights both in writing and via electronic media (including the Internet), the voting rights exercised via electronic media shall be deemed and treated as a valid vote.
- (3) When you exercise your voting rights twice or more via electronic media (including the Internet), the voting rights exercised last shall be deemed and treated as a valid vote.

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- *Please note that you may exercise your voting rights by proxy, as provided for in the Articles of Incorporation, by delegating your voting right to one shareholder who holds a voting right.
 - *Please note that “Consolidated Statement of Changes in Equity,” “Notes to the Consolidated Financial Statements,” “Non-consolidated Statement of Changes in Equity” and “Notes to the Non-consolidated Financial Statements” are not provided herein, and are published on our website in accordance with the provisions of applicable rules and regulations and the Articles of Incorporation. Accordingly, the consolidated financial statements and non-consolidated financial statements included in this written notice to the Meeting are a portion of the documents subject to audit when the Audit & Supervisory Board Members and the Accounting Auditors prepared their audit reports.
 - *In the event a matter needs to be changed or modified in any part of Reference Materials for General Meeting of Shareholders and Appendixes attached hereto, please note that any matter so changed or modified as mentioned above will be published on our website in accordance with the provisions of the applicable rules and regulations.

Our website: <https://www.jfe-holdings.co.jp/en/>

(Translation for reference only)

Guide to Exercising Your Voting Rights

If you can attend the Meeting:

Please submit the enclosed voting form at the reception desk, and bring this notice to the Meeting to save on resources.

Date and Time of Meeting: Thursday, June 21, 2018
10:00 a.m. (doors scheduled to open at 9:00 a.m.)

If you cannot attend the Meeting:

[In writing]

Please indicate your approval or disapproval of each Proposal on the enclosed voting form and send the form to us.

Deadline for Voting: 17:30 on June 20, 2018 (Wednesday)

[Via the Internet]

Please exercise your voting rights via the website for exercising voting rights designated by the Company.

Deadline for Voting: 24:00 on June 20, 2018 (Wednesday)

(Translation for reference only)

Guide to Exercising Your Voting Rights via Electronic Media (including the Internet)

By Smartphone (Smart Exercise)

- (1) Please scan the QR code on the bottom right of the enclosed Voting Rights Exercise Form using a smartphone, access “Smart Exercise,” and enter your votes in accordance with the instructions on the screen. (Shareholders are not required to input an ID or password.)
- (2) The exercise of voting rights by “Smart Exercise” is only possible once.

By Personal Computer, etc.

- (1) Please access the website for exercising voting rights (URL below), enter the code and password, which are printed on the Voting Rights Exercise Form enclosed herewith, click “Log in” and follow the instructions on the screen. For security purposes, please change the password at the time of the first log in.

<https://soukai.mizuho-tb.co.jp/>

- (2) The password (including the one the shareholder himself/herself has changed) is valid only for your voting at this General Meeting of Shareholders. A new password will be issued for the next General Meeting of Shareholders.
- (3) The password is the critical means to ascertain that a voting person is really a qualified shareholder. The Company will never ask for your password.
- (4) In case you commit errors beyond a certain number when you input your password, the Internet-based voting system will lock down immediately, making further operations unavailable. In case of such lockdown, follow the screen instructions to release the lock-down status.

Notes:

- (1) Voting rights can be exercised until 24:00 on June 20, 2018 (Wednesday) and you are required to complete the entire process by this time. We recommend exercising your voting rights well ahead of the deadline.
- (2) If you would like to revise the content of votes after exercising voting rights via “Smart Exercise,” please revise your votes by following the instructions in the above “By Personal Computer, etc.”
- (3) If you have exercised your voting rights both by mailing the Voting Rights Exercise Form and via the Internet, only the exercise of voting rights via the Internet shall be deemed effective. If you have exercised your voting rights more than once via the Internet, only the final execution shall be deemed effective.
- (4) Internet connection fees or charges shall be borne by each shareholder.
- (5) The operation of exercising voting rights via the Internet has been confirmed on general devices for connecting to the Internet, but depending on your devices and the status thereof, there may be cases when you are unable to use them to exercise voting rights via the Internet.

Contact Information

For further inquiries, please contact **Mizuho Trust & Banking Co., Ltd., Transfer Agent Department** below, the shareholder registry administrator of the Company.

- (1) For inquiries about the operation of “Smart Exercise” and the website for exercising voting rights
Toll free number: 0120-768-524
Hours: 9:00 to 21:00, weekdays
- (2) For inquiries about stock procedures other than the above (1)
Toll free number: 0120-288-324
Hours: 9:00 to 17:00, weekdays

(Translation for reference only)

<Guide to a Platform for the Exercise of Voting Rights for Institutional Investors>

A platform operated by ICJ Inc. will be available to institutional investors for the electronic exercise of voting rights for the General Meeting of Shareholders of the Company.

(Translation for reference only)

Reference Materials for General Meeting of Shareholders

Proposal and Reference Matters:

<Company's Proposals (Proposal 1 through Proposal 6)>

Proposal 1: Dividend of surplus

The Company believes that appropriation of profit to shareholders is one of the most critical management objectives, and considers that its basic policy is to actively distribute dividends while building as JFE Group (or “the Group”) a sustainable, highly profitable business structure, and pursuing investments and improving the financial base to promote growth.

Based on this basic policy, the Company proposes to distribute dividend of surplus as of the end of the 16th term as follows:

1. Type of dividend property
Cash
2. Allotment of dividend property to the shareholders and total amount of dividends
50 yen per share (Common stock) Total amount: 28,834,360,300 yen
The annual dividends from surplus, including the interim dividend of 30 yen per share, amount to 80 yen per share.
3. Effective date of dividend of surplus
June 22, 2018

Proposal 2: Election of eight Directors

As the terms of office of all eight Directors expire at the close of this General Meeting of Shareholders, the Company proposes to elect eight Directors including three Outside Directors.

This resolution was proposed by the Board of Directors based on deliberations by and reports from the Nomination Committee, of which the Chairperson is an Outside Director and a majority of the members are Outside Directors/Audit & Supervisory Board Members. If the resolution is adopted as proposed, one-third or more of the Directors will continue to be Outside Directors who satisfy the Company's Standards for Independence of Outside Directors/Audit & Supervisory Board Members.

The candidates for Directors are as follows.

There is no conflict of special interests between each candidate and the Company.

(Translation for reference only)

No.	Name (Age)	Current Positions and Responsibilities in the Company	Main Concurrent Positions	Number of Meetings of the Board of Directors Attended (FY2017)
1	<Reappointment> Eiji Hayashida (Age 67)	Representative Director, President and CEO (Chief Executive Officer)	—	13/13 (100%)
2	<Reappointment> Koji Kakigi (Age 65)	Representative Director	Representative Director, President and CEO of JFE Steel Corporation	13/13 (100%)
3	<Reappointment> Shinichi Okada (Age 65)	Representative Director, Executive Vice President and CFO (Chief Financial Officer) Supervision of General Administration Dept., Corporate Planning Dept., Investor Relations Dept. and Finance Dept.	Director of JFE Steel Corporation	13/13 (100%)
4	<Reappointment> Naosuke Oda (Age 65)	Director	Representative Director, President and CEO of JFE Shoji Trade Corporation	10/10 (100%)
5	<Reappointment> Hajime Oshita (Age 60)	Director	Representative Director, President and CEO of JFE Engineering Corporation	10/10 (100%)
6	<Reappointment> Masao Yoshida (Age 69) Candidate for Outside Director Independent Director/Audit & Supervisory Board Member	Outside Director	Senior Advisor of Furukawa Electric Co., Ltd.	12/13 (92%)
7	<Reappointment> Masami Yamamoto (Age 64) Candidate for Outside Director Independent Director/Audit & Supervisory Board Member	Outside Director	Chairman and Director of Fujitsu Limited	9/10 (90%)
8	<New appointment> Nobumasa Kemori (Age 67) Candidate for Outside Director Independent Director/Audit & Supervisory Board Member	—	Executive Advisor of Sumitomo Metal Mining Co., Ltd.	—

Notes: 1. The age of each candidate is given as of the date of this General Meeting of Shareholders.
2. Mr. Naosuke Oda, Mr. Hajime Oshita, and Mr. Masami Yamamoto were newly elected as Directors at previous year's Ordinary General Meeting of Shareholders (held on June 23, 2017), therefore the number of meetings of the Board of Directors held during FY 2017

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differs.

No. 1	Eiji Hayashida	Reappointment Nomination Committee Member Remuneration Committee Member																						
<p>Date of birth: July 6, 1950 (Age 67)</p> <p>Number of the Company's shares held: 58,000</p> <p>Number of years of service as Director (at the close of this General Meeting of Shareholders): Eight (Note)</p> <p>Number of meetings of the Board of Directors attended (FY2017): 13/13 (100%)</p>	<p>Career summary, positions and responsibilities, and significant concurrent posts</p> <table border="0"> <tr> <td data-bbox="470 342 603 371">April 1973</td> <td data-bbox="730 342 1070 371">Joined Kawasaki Steel Corporation</td> </tr> <tr> <td data-bbox="470 371 635 400">September 2002</td> <td data-bbox="730 371 1082 400">Vice President of JFE Holdings, Inc.</td> </tr> <tr> <td data-bbox="470 400 584 430">April 2005</td> <td data-bbox="730 400 1150 430">Senior Vice President of JFE Holdings, Inc.</td> </tr> <tr> <td data-bbox="470 430 584 459">June 2008</td> <td data-bbox="730 430 1251 486">Representative Director, Senior Vice President of JFE Holdings, Inc.</td> </tr> <tr> <td data-bbox="470 486 596 515">March 2009</td> <td data-bbox="730 486 1023 515">Director of JFE Holdings, Inc.</td> </tr> <tr> <td data-bbox="470 515 584 544">April 2009</td> <td data-bbox="730 515 1321 571">Representative Director and Executive Vice President of JFE Steel Corporation</td> </tr> <tr> <td data-bbox="470 571 584 600">June 2009</td> <td data-bbox="730 571 1126 600">Retired as Director of JFE Holdings, Inc.</td> </tr> <tr> <td data-bbox="470 600 584 629">April 2010</td> <td data-bbox="730 600 1283 656">Representative Director, President and CEO of JFE Steel Corporation</td> </tr> <tr> <td data-bbox="470 656 584 685">June 2010</td> <td data-bbox="730 656 1174 685">Representative Director of JFE Holdings, Inc.</td> </tr> <tr> <td data-bbox="470 685 584 714">April 2015</td> <td data-bbox="730 685 1331 741">Retired as Representative Director, President and CEO of JFE Steel Corporation</td> </tr> <tr> <td></td> <td data-bbox="730 741 1331 797">Representative Director, President and CEO of JFE Holdings, Inc. (current post)</td> </tr> </table> <p>(Significant concurrent post) Chairman of the Board of Directors of JFE 21st Century Foundation (Public Interest Incorporated Foundation)</p> <p>(Duties as Corporate Officer) CEO (Chief Executive Officer)</p>		April 1973	Joined Kawasaki Steel Corporation	September 2002	Vice President of JFE Holdings, Inc.	April 2005	Senior Vice President of JFE Holdings, Inc.	June 2008	Representative Director, Senior Vice President of JFE Holdings, Inc.	March 2009	Director of JFE Holdings, Inc.	April 2009	Representative Director and Executive Vice President of JFE Steel Corporation	June 2009	Retired as Director of JFE Holdings, Inc.	April 2010	Representative Director, President and CEO of JFE Steel Corporation	June 2010	Representative Director of JFE Holdings, Inc.	April 2015	Retired as Representative Director, President and CEO of JFE Steel Corporation		Representative Director, President and CEO of JFE Holdings, Inc. (current post)
April 1973	Joined Kawasaki Steel Corporation																							
September 2002	Vice President of JFE Holdings, Inc.																							
April 2005	Senior Vice President of JFE Holdings, Inc.																							
June 2008	Representative Director, Senior Vice President of JFE Holdings, Inc.																							
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April 2010	Representative Director, President and CEO of JFE Steel Corporation																							
June 2010	Representative Director of JFE Holdings, Inc.																							
April 2015	Retired as Representative Director, President and CEO of JFE Steel Corporation																							
	Representative Director, President and CEO of JFE Holdings, Inc. (current post)																							
<p>• Reasons for nomination as a candidate for Director: Mr. Hayashida has abundant experience and knowledge required in management of the Group, which he has accumulated through his experience in overseas business, new business development, corporate planning and administration, and financial operations in the Company and JFE Steel Corporation, the Group's core company, and execution of duties as Corporate Officer of both companies. He also has abundant experience and knowledge as a corporate manager, which was nurtured through his experience as Representative Director, President and CEO of JFE Steel Corporation. Currently, as Representative Director, President and CEO of the Company, he is striving to sustain the growth and enhance the corporate value of the Group. For these reasons, the Company has judged Mr. Hayashida to be suitable as a Director of the Company.</p> <p>Note: Although it has been eight years since Mr. Hayashida assumed office as a Director of the Company in June 2010, he was a Director of the Company for one year from June 2008, therefore his cumulative tenure as a Director of the Company is nine years.</p>																								

(Translation for reference only)

No. 2	Koji Kakigi	Reappointment Nomination Committee Member Remuneration Committee Member
Date of birth: May 3, 1953 (Age 65) Number of the Company's shares held: 30,600 Number of years of service as Director (at the close of this General Meeting of Shareholders): Three Number of meetings of the Board of Directors attended (FY2017): 13/13 (100%)	Career summary, positions and responsibilities, and significant concurrent posts April 1977 Joined Kawasaki Steel Corporation April 2007 Vice President of JFE Steel Corporation April 2010 Senior Vice President of JFE Steel Corporation April 2012 Representative Director and Executive Vice President of JFE Steel Corporation April 2015 Representative Director, President and CEO of JFE Steel Corporation (current post) June 2015 Representative Director of JFE Holdings, Inc. (current post) (Significant concurrent post) Representative Director, President and CEO of JFE Steel Corporation	
• Reasons for nomination as a candidate for Director: Mr. Kakigi has abundant experience and knowledge required in management of the Group, which he has accumulated through his experience in operations in human resource and labor administration departments, and execution of duties as Corporate Officer in management divisions such as general administration, legal, accounting, finance, and procurement departments in JFE Steel Corporation, the Group's core company. Currently, as Representative Director, President and CEO of JFE Steel Corporation, he is making aggressive efforts such as working to streamline the domestic manufacturing base and expand overseas businesses, and, as Representative Director of the Company, he is striving to sustain the growth and enhance the corporate value of the Group. For these reasons, the Company has judged Mr. Kakigi to be suitable as a Director of the Company.		

(Translation for reference only)

No. 3	Shinichi Okada	Reappointment
Date of birth: March 15, 1953 (Age 65)	Career summary, positions and responsibilities, and significant concurrent posts	
Number of the Company's shares held: 24,878	April 1975	Joined NKK Corporation
Number of years of service as Director (at the close of this General Meeting of Shareholders): Six	April 2005	Vice President of JFE Holdings, Inc.
Number of meetings of the Board of Directors attended (FY2017): 13/13 (100%)	April 2008	Senior Vice President of JFE Holdings, Inc.
	April 2011	Director of JFE Engineering Corporation
	April 2012	Executive Vice President of JFE Holdings, Inc. (current post)
	June 2012	Representative Director of JFE Holdings, Inc. (current post)
	October 2012	Director of JFE Shoji Trade Corporation
	April 2014	Director of JFE Steel Corporation (current post)
	April 2016	Retired as Director of JFE Engineering Corporation Retired as Director of JFE Shoji Trade Corporation
	(Significant concurrent posts) Director of JFE Steel Corporation Representative Director of JFE 21st Century Foundation (Public Interest Incorporated Foundation)	
	(Duties as Corporate Officer) CFO (Chief Financial Officer) Supervision of General Administration Dept., Corporate Planning Dept., Investor Relations Dept. and Finance Dept.	
<p>• Reasons for nomination as a candidate for Director: Mr. Okada has abundant experience and knowledge required in management of the Group, which he has accumulated through his experience in financial operations such as fund-raising and project financing, and execution of duties as Corporate Officer in corporate planning and administration departments. Currently, as Representative Director and Executive Vice President of the Company, he is working on management and administration of the Group as well as implementation of the financial and capital policies of the Group. Also, as a part-time Director of JFE Steel Corporation, the Group's core company, he is working on the management and administration of the company. For these reasons, the Company has judged Mr. Okada to be suitable as a Director of the Company.</p>		

No. 4	Naosuke Oda	Reappointment
Date of birth: June 3, 1953 (Age 65)	Career summary, positions and responsibilities, and significant concurrent posts	
Number of the Company's shares held: 13,700	April 1977	Joined NKK Corporation
Number of years of service as Director (at the close of this General Meeting of Shareholders): One	April 2007	Vice President of JFE Steel Corporation
Number of meetings of the Board of Directors attended (FY2017): 10/10 (100%)	April 2010	Senior Vice President of JFE Steel Corporation
	April 2012	Representative Director and Executive Vice President of JFE Steel Corporation
	April 2016	Retired as Representative Director and Executive Vice President of JFE Steel Corporation Representative Director, President and CEO of JFE Shoji Trade Corporation (current post)
	June 2017	Director of JFE Holdings, Inc. (current post)
	(Significant concurrent post) Representative Director, President and CEO of JFE Shoji Trade Corporation	
<p>• Reasons for nomination as a candidate for Director: Mr. Oda has abundant experience and knowledge required in management of the Group, which he has accumulated through his experience in operations related to sales of automobile steel at JFE Steel Corporation, the Group's core company, and supervising sales divisions as Corporate Officer. He also has abundant experience and knowledge as a corporate manager, which was nurtured through his experience as Representative Director and Executive Vice President of JFE Steel Corporation. Mr. Oda is currently reinforcing the domestic earnings base and is actively working to expand overseas business as Representative Director, President and CEO of JFE Shoji Trade Corporation, the Group's core company. For these reasons, the Company has judged Mr. Oda to be suitable as a Director of the Company.</p>		

(Translation for reference only)

No. 5	Hajime Oshita	Reappointment																
<p>Date of birth: September 11, 1957 (Age 60)</p> <p>Number of the Company's shares held: 6,400</p> <p>Number of years of service as Director (at the close of this General Meeting of Shareholders): One</p> <p>Number of meetings of the Board of Directors attended (FY2017): 10/10 (100%)</p>	<p>Career summary, positions and responsibilities, and significant concurrent posts</p> <table border="0"> <tr> <td data-bbox="474 300 592 329">April 1982</td> <td data-bbox="724 300 975 329">Joined NKK Corporation</td> </tr> <tr> <td data-bbox="474 329 592 358">April 2012</td> <td data-bbox="724 329 1182 358">Vice President of JFE Engineering Corporation</td> </tr> <tr> <td data-bbox="474 358 592 387">April 2014</td> <td data-bbox="724 358 1254 387">Senior Vice President of JFE Engineering Corporation</td> </tr> <tr> <td data-bbox="474 387 592 416">April 2015</td> <td data-bbox="724 387 1259 441">Director and Senior Vice President of JFE Engineering Corporation</td> </tr> <tr> <td data-bbox="474 441 592 470">April 2016</td> <td data-bbox="724 441 1286 495">Representative Director and Senior Vice President of JFE Engineering Corporation</td> </tr> <tr> <td data-bbox="474 495 592 524">March 2017</td> <td data-bbox="724 495 1225 548">Representative Director, President and CEO of JFE Engineering Corporation (current post)</td> </tr> <tr> <td data-bbox="474 548 592 577">June 2017</td> <td data-bbox="724 548 1158 577">Director of JFE Holdings, Inc. (current post)</td> </tr> <tr> <td colspan="2" data-bbox="474 609 1222 663">(Significant concurrent post) Representative Director, President and CEO of JFE Engineering Corporation</td> </tr> </table>		April 1982	Joined NKK Corporation	April 2012	Vice President of JFE Engineering Corporation	April 2014	Senior Vice President of JFE Engineering Corporation	April 2015	Director and Senior Vice President of JFE Engineering Corporation	April 2016	Representative Director and Senior Vice President of JFE Engineering Corporation	March 2017	Representative Director, President and CEO of JFE Engineering Corporation (current post)	June 2017	Director of JFE Holdings, Inc. (current post)	(Significant concurrent post) Representative Director, President and CEO of JFE Engineering Corporation	
April 1982	Joined NKK Corporation																	
April 2012	Vice President of JFE Engineering Corporation																	
April 2014	Senior Vice President of JFE Engineering Corporation																	
April 2015	Director and Senior Vice President of JFE Engineering Corporation																	
April 2016	Representative Director and Senior Vice President of JFE Engineering Corporation																	
March 2017	Representative Director, President and CEO of JFE Engineering Corporation (current post)																	
June 2017	Director of JFE Holdings, Inc. (current post)																	
(Significant concurrent post) Representative Director, President and CEO of JFE Engineering Corporation																		
<p>• Reasons for nomination as a candidate for Director: Mr. Oshita has abundant experience and knowledge required in management of the Group, which he has accumulated through his experience in corporate planning, accounting and finance, and a wide range of duties as Corporate Officer, including overseeing domestic and overseas business at JFE Engineering Corporation, the Group's core company. In addition, Mr. Oshita has abundant experience and knowledge as a corporate manager, which was nurtured through his experience as Representative Director and Senior Vice President of JFE Engineering Corporation. He is currently reinforcing the domestic earnings base and is actively working to expand overseas business as Representative Director, President and CEO of JFE Engineering Corporation. For these reasons, the Company has judged Mr. Oshita to be suitable as a Director of the Company.</p>																		

(Translation for reference only)

No. 6	Masao Yoshida	Reappointment Candidate for Outside Director Independent Director/Audit & Supervisory Board Member Nomination Committee Member
Date of birth: February 5, 1949 (Age 69) Number of the Company's shares held: 6,600 Number of years of service as Outside Director (at the close of this General Meeting of Shareholders): Three Number of meetings of the Board of Directors attended (FY2017): 12/13 (92%)	Career summary, positions and responsibilities, and significant concurrent posts April 1972 Joined Furukawa Electric Co., Ltd. June 2006 Senior Managing Director and Corporate Executive Vice President of Furukawa Electric Co., Ltd. June 2008 President and Representative Director of Furukawa Electric Co., Ltd. April 2012 Chairman and Representative Director of Furukawa Electric Co., Ltd. June 2015 Director of JFE Holdings, Inc. (current post) April 2016 Chairman of Furukawa Electric Co., Ltd. April 2017 Director of Furukawa Electric Co., Ltd. June 2017 Retired as Director of Furukawa Electric Co., Ltd. Senior Advisor of Furukawa Electric Co., Ltd. (current post) (Significant concurrent posts) Senior Advisor of Furukawa Electric Co., Ltd. Outside Director of FURUKAWA CO., LTD. External Director of Tokyo Century Corporation	
<ul style="list-style-type: none"> • Reasons for nomination as a candidate for Outside Director: Mr. Yoshida has been successful in managing Furukawa Electric Co., Ltd. for many years and has long experience and broad knowledge in management of the manufacturing business. He operated businesses based on the core material technologies of copper and a broad range of other materials, tapped into new businesses, reorganized businesses and promoted global business development. Based on such in-depth knowledge and his outstanding insight, as well as his performance as an Outside Director of the Company since he assumed office as such, the Company has judged it to be suitable to reappoint him as an Outside Director of the Company, a post responsible for reinforcing corporate governance. • Special matters: 1. Mr. Yoshida is a candidate for Outside Director who satisfies the requirements of the Tokyo Stock Exchange, Inc. etc. for Independent Director/Audit & Supervisory Board Member as well as the "Standards for Independence of Outside Directors/Audit & Supervisory Board Members" stipulated by the Company and the Company has designated him as Independent Director/Audit & Supervisory Board Member as stipulated under the regulations of the Tokyo Stock Exchange, Inc. etc. and registered him as such with the Tokyo Stock Exchange etc. Furthermore, in FY2017, transactions between Furukawa Electric Co., Ltd., where Mr. Yoshida served as Director until June 2017, and the Company and its operating companies (JFE Steel Corporation, JFE Engineering Corporation and JFE Shoji Trade Corporation) did not exceed 1% of the annual consolidated net sales of either the Company or Furukawa Electric Co., Ltd. Accordingly, Furukawa Electric Co., Ltd. does not fall under the category of a person for whom the Company or its operating company is a major business partner, or a person who is a major business partner of the Company or its operating company. 2. To ensure that Mr. Yoshida can fully demonstrate his capability as expected in his role as an Outside Director, the Company has executed an agreement with Mr. Yoshida in accordance with Article 427, Paragraph 1, of the Companies Act, which limits Outside Directors' indemnity liability provided for in Article 423, Paragraph 1, of the said Act to the amount defined under laws and regulations. If Mr. Yoshida is reappointed, the Company intends to continue the liability limitation agreement described hereto with him. 3. Mr. Yoshida was a Director of Furukawa Electric Co., Ltd. (hereinafter referred to as "Furukawa Electric") until June 2017. In July 2013, he was in that position when the company and Furukawa Automotive Systems Inc., its subsidiary, were subject to the imposition of sanctions by the European Commission in relation to cartels regarding automobile wire harness transactions. Furthermore, Furukawa Electric received a cease-and-desist order and an order for payment of surcharge due to a violation of the Anti-Monopoly Act relative to overhead transmission line construction ordered by Tokyo Electric Power Company in December 2013, and relative to the same construction work ordered by Kansai Electric Power Company in January 2014. In April 2014, Furukawa Electric was notified by the European Commission of its decision to impose a fine on the company for violation of the Competition Law relative to its power cable business. Concerning this decision by the European Commission, Furukawa Electric has appealed to the General Court of the European Union to seek revocation of the payment of the fine or a reduction of the amount. In August 2014, in China Furukawa Electric received an order to pay a fine for violation of the Anti-Monopoly Act concerning a cartel related to transactions of automobile parts. Mr. Yoshida was not directly involved in any of these incidents. After recognizing these facts, under the recognition that compliance is the basis of all business activities, he had been striving for further dissemination of legal compliance and corporate ethics throughout the company based on a report from a third-party investigative committee composed mainly of outside experts that included proposals for preventing recurrence. He also established and improved internal rules and procedures to prevent such incidents, provided thorough training about legal compliance and strengthened monitoring by the internal audit department, as measures to prevent the recurrence of such incidents. 4. Mr. Yoshida is currently a member of the Nomination Committee. Following this General Meeting of Shareholders, the Company intends to reappoint him as a member of the Nomination Committee. 		

(Translation for reference only)

No. 7	Masami Yamamoto	Reappointment Candidate for Outside Director Independent Director/Audit & Supervisory Board Member Chairperson of Nomination Committee Remuneration Committee Member														
Date of birth: January 11, 1954 (Age 64) Number of the Company's shares held: 1,500 Number of years of service as Outside Director (at the close of this General Meeting of Shareholders): One Number of meetings of the Board of Directors attended (FY2017): 9/10 (90%)	Career summary, positions and responsibilities, and significant concurrent posts <table border="0"> <tr> <td>April 1976</td> <td>Joined Fujitsu Limited</td> </tr> <tr> <td>January 2010</td> <td>Corporate Senior Executive Vice President of Fujitsu Limited</td> </tr> <tr> <td>April 2010</td> <td>President of Fujitsu Limited</td> </tr> <tr> <td>June 2010</td> <td>President and Representative Director of Fujitsu Limited</td> </tr> <tr> <td>June 2015</td> <td>Chairman and Representative Director of Fujitsu Limited</td> </tr> <tr> <td>June 2017</td> <td>Chairman and Director of Fujitsu Limited (current post)</td> </tr> <tr> <td></td> <td>Director of JFE Holdings, Inc. (current post)</td> </tr> </table> (Significant concurrent post) Chairman and Director of Fujitsu Limited		April 1976	Joined Fujitsu Limited	January 2010	Corporate Senior Executive Vice President of Fujitsu Limited	April 2010	President of Fujitsu Limited	June 2010	President and Representative Director of Fujitsu Limited	June 2015	Chairman and Representative Director of Fujitsu Limited	June 2017	Chairman and Director of Fujitsu Limited (current post)		Director of JFE Holdings, Inc. (current post)
April 1976	Joined Fujitsu Limited															
January 2010	Corporate Senior Executive Vice President of Fujitsu Limited															
April 2010	President of Fujitsu Limited															
June 2010	President and Representative Director of Fujitsu Limited															
June 2015	Chairman and Representative Director of Fujitsu Limited															
June 2017	Chairman and Director of Fujitsu Limited (current post)															
	Director of JFE Holdings, Inc. (current post)															
<p>• Reasons for nomination as a candidate for Outside Director: Mr. Yamamoto has been successful in managing Fujitsu Limited for many years, a company that engages in the total solutions business globally in ICT fields, and he has extensive experience and knowledge in corporate management, which he acquired through reforming conventional business structures and processes in the rapidly changing ICT industry. Based on such in-depth knowledge and his outstanding insight, as well as his performance as an Outside Director of the Company since he assumed office as such, the Company has judged it to be suitable to reappoint him as an Outside Director of the Company, a post responsible for reinforcing corporate governance.</p> <p>• Special matters:</p> <ol style="list-style-type: none"> Mr. Yamamoto is a candidate for Outside Director who satisfies the requirements of the Tokyo Stock Exchange, Inc. etc. for Independent Director/Audit & Supervisory Board Member as well as the "Standards for Independence of Outside Directors/Audit & Supervisory Board Members" stipulated by the Company and the Company has designated him as Independent Director/Audit & Supervisory Board Member as stipulated under the regulations of the Tokyo Stock Exchange, Inc. etc. and registered him as such with the Tokyo Stock Exchange etc. Furthermore, in FY2017, transactions between Fujitsu Limited, where Mr. Yamamoto serves as Chairman and Director, and the Company and its operating companies did not exceed 1% of the annual consolidated net sales of either the Company or Fujitsu Limited. Accordingly, Fujitsu Limited does not fall under the category of a person for whom the Company or its operating company is a major business partner, or a person who is a major business partner of the Company or its operating company. To ensure that Mr. Yamamoto can fully demonstrate his capability as expected in his role as an Outside Director, the Company has executed an agreement with Mr. Yamamoto in accordance with Article 427, Paragraph 1, of the Companies Act, which limits Outside Directors' indemnity liability provided for in Article 423, Paragraph 1, of the said Act to the amount defined under laws and regulations. If Mr. Yamamoto is reappointed, the Company intends to continue the liability limitation agreement described hereto with him. Mr. Yamamoto is Chairman and Director of Fujitsu Limited, and the company was subject to a cease and desist order and an order for payment of a surcharge by the Japan Fair Trade Commission for conduct in violation of the Anti-Monopoly Act in relation to electric power stabilization communications equipment ordered by Tokyo Electric Power Company in July 2016, when Mr. Yamamoto was a Director of Fujitsu Limited. In addition, Fujitsu Limited was determined by the Japan Fair Trade Commission to have violated the Anti-Monopoly Act in relation to transactions for hybrid optical communications equipment and transmission line equipment ordered by Chubu Electric Power Co., Inc. in February 2017. Fujitsu Limited submitted a request to the Japan Fair Trade Commission for application of the surcharge reduction and exemption system in relation to these incidents and the request was granted, and consequently, Fujitsu Limited is not subject to the cease and desist order or the order for payment of a surcharge. Mr. Yamamoto was not directly involved in either of these incidents, and after becoming aware of these facts, he fulfilled his responsibilities by reinforcing measures related to legal compliance and taking comprehensive measures to prevent a recurrence. Mr. Yamamoto is currently the Chairperson of the Nomination Committee and a member of the Remuneration Committee. Following this General Meeting of Shareholders, the Company intends to reappoint him as a member of the Nomination Committee and the Remuneration Committee. 																

(Translation for reference only)

No. 8	Nobumasa Kemori	New appointment Candidate for Outside Director Independent Director/Audit & Supervisory Board Member
Date of birth: April 12, 1951 (Age 67) Number of the Company's shares held: 0	Career summary, positions and responsibilities, and significant concurrent posts September 1980 Joined Sumitomo Metal Mining Co., Ltd. June 2006 Director, Managing Executive Officer and General Manager of Non-Ferrous Metals Div. of Sumitomo Metal Mining Co., Ltd. June 2007 Representative Director and President of Sumitomo Metal Mining Co., Ltd. June 2013 Representative Director and Chairman of the Board of Sumitomo Metal Mining Co., Ltd. June 2016 Director and Chairman of the Board of Sumitomo Metal Mining Co., Ltd. June 2017 Retired as Director and Chairman of the Board of Sumitomo Metal Mining Co., Ltd. Executive Advisor of Sumitomo Metal Mining Co., Ltd. (current post) (Significant concurrent post) Executive Advisor of Sumitomo Metal Mining Co., Ltd. Outside Director of NAGASE & CO., LTD.	
<p>• Reasons for nomination as a candidate for Outside Director: Mr. Kemori has been successful in managing Sumitomo Metal Mining Co., Ltd., which engages in a broad range of businesses in non-ferrous metal resource development, smelting, materials production, etc., for many years, and has remarkable knowledge in metallic materials, in addition to broad experience in corporate management, including leading the construction of an overseas plant for nickel smelting, a mainstay business of Sumitomo Metal Mining Co., Ltd., and a development project for a large copper mine. Based on his ability to utilize his deep knowledge and outstanding insight to provide valuable proposals and advice regarding the improvement of the corporate value of the Company, the Company has judged Mr. Kemori to be suitable as an Outside Director of the Company, a post responsible for reinforcing corporate governance.</p> <p>• Special matters: 1. Mr. Kemori is a candidate for Outside Director who satisfies the requirements of the Tokyo Stock Exchange, Inc. etc. for Independent Director/Audit & Supervisory Board Member as well as the “Standards for Independence of Outside Directors/Audit & Supervisory Board Members” stipulated by the Company and the Company has designated him as Independent Director/Audit & Supervisory Board Member as stipulated under the regulations of the Tokyo Stock Exchange, Inc. etc. and is to register him as such with the Tokyo Stock Exchange etc. Furthermore, in FY2017, transactions between Sumitomo Metal Mining Co., Ltd., where Mr. Kemori served as Director until June 2017, and the Company and its operating companies did not exceed 1% of the annual consolidated net sales of either the Company or Sumitomo Metal Mining Co., Ltd. Accordingly, Sumitomo Metal Mining Co., Ltd. does not fall under the category of a person for whom the Company or its operating company is a major business partner, or a person who is a major business partner of the Company or its operating company. 2. To ensure that Mr. Kemori, if appointed as an Outside Director, can fully demonstrate his capability as expected in his role as an Outside Director, the Company will enter into an agreement with Mr. Kemori in accordance with Article 427, Paragraph 1, of the Companies Act, which limits Outside Directors’ indemnity liability provided for in Article 423, Paragraph 1, of the said Act to the amount defined under laws and regulations. 3. If Mr. Kemori is appointed as Outside Director, the Company intends to appoint him as a member of the Remuneration Committee.</p>		

(Translation for reference only)

Proposal 3: Election of two Audit & Supervisory Board Members

As the term of office of Audit & Supervisory Board Members Hiroyuki Itami and Shigeo Ohyagi expires at the close of this General Meeting of Shareholders, the Company proposes to elect two Audit & Supervisory Board Members.

This resolution was adopted by the Board of Directors based on deliberations by and reports from the Nomination Committee. If the resolution is adopted as proposed, a majority of the members will continue to be Outside Audit & Supervisory Board Members who satisfy the Company's Standards for Independence of Outside Directors/Audit & Supervisory Board Members.

The Audit & Supervisory Board has given its consent to this Proposal.

The candidates for Audit & Supervisory Board Members are as follows.

There is no conflict of special interests between each candidate and the Company.

(Translation for reference only)

No. 1	Shigeo Ohyagi	Reappointment Candidate for Outside Audit & Supervisory Board Member Independent Director/Audit & Supervisory Board Member Nomination Committee Member Remuneration Committee Member
Date of birth: May 17, 1947 (Age 71)	Career summary and positions, and significant concurrent posts	
Number of the Company's shares held: 9,000	March 1971	Joined Teijin Limited
	June 2006	Senior Managing Director of Teijin Limited
	June 2008	Representative Director, President, CEO (Chief Executive Officer) of Teijin Limited
	June 2010	Representative Director, President of Teijin Limited
	April 2014	Chairman of the Board of Teijin Limited
	June 2014	Audit & Supervisory Board Member of JFE Holdings, Inc. (current post)
	April 2018	Senior Advisor, Member of the Board of Teijin Limited (current post)
Number of years of service as Outside Audit & Supervisory Board Member (at the close of this General Meeting of Shareholders): Four	(Significant concurrent post) Senior Advisor, Member of the Board of Teijin Limited Outside Director, Recruit Holdings Co., Ltd.	
Number of meetings of the Board of Directors attended (FY2017): 12/13 (92%)		
Number of meetings of Audit & Supervisory Board attended (FY2017): 19/19 (100%)		
<p>• Reasons for nomination as a candidate for Outside Audit & Supervisory Board Member</p> <p>Mr. Ohyagi has been successful in managing Teijin Limited for many years, which globally develops a wide range of businesses in diversified fields, including advanced fibers & composites, electric materials & performance polymer products, pharmaceuticals and home healthcare, while actively striving to reinforce corporate governance of said company and thus he has extensive experience and knowledge. Based on such in-depth knowledge and his outstanding insight, as well as his performance as an Outside Audit & Supervisory Board Member of the Company since he assumed office as such, the Company has judged he will continue to be able to conduct his duties appropriately as an Outside Audit & Supervisory Board Member.</p> <p>• Special matters:</p> <ol style="list-style-type: none"> 1. Mr. Ohyagi is a candidate for Outside Audit & Supervisory Board Member who satisfies the requirements of the Tokyo Stock Exchange, Inc. etc. for Independent Director/Audit & Supervisory Board Member as well as the "Standards for Independence of Outside Directors/Audit & Supervisory Board Members" stipulated by the Company and the Company has designated him as Independent Director/Audit & Supervisory Board Member as stipulated under the regulations of the Tokyo Stock Exchange, Inc. etc. and registered him as such with the Tokyo Stock Exchange etc. Furthermore, in FY2017, transactions between Teijin Limited, where Mr. Ohyagi serves as Senior Advisor and Member of the Board, and the Company and its operating companies (JFE Steel Corporation, JFE Engineering Corporation and JFE Shoji Trade Corporation) did not exceed 1% of the annual consolidated net sales of either the Company or Teijin Limited. Accordingly, Teijin Limited does not fall under the category of a person for whom the Company or its operating company is a major business partner, or a person who is a major business partner of the Company or its operating company. 2. To ensure that Mr. Ohyagi can fully demonstrate his capability as expected in his role as an Outside Audit & Supervisory Board Member, the Company has executed an agreement with Mr. Ohyagi in accordance with Article 427, Paragraph 1, of the Companies Act, which limits Outside Audit & Supervisory Board Members' indemnity liability provided for in Article 423, Paragraph 1, of the said Act to the amount defined under laws and regulations. If Mr. Ohyagi is reappointed, the Company intends to continue the liability limitation agreement described hereto with him. 3. Mr. Ohyagi is currently a member of the Nomination Committee and the Remuneration Committee. Following this General Meeting of Shareholders, the Company intends to reappoint him as a member of the Nomination Committee and the Remuneration Committee. 		

(Translation for reference only)

No. 2	Tsuyoshi Numagami	New appointment Candidate for Outside Audit & Supervisory Board Member Independent Director/Audit & Supervisory Board Member										
Date of birth: March 27, 1960 (Age 58) Number of the Company's shares held: 0	Career summary and positions, and significant concurrent posts <table border="0"> <tr> <td data-bbox="466 309 619 338">April 2000</td> <td data-bbox="719 309 1326 365">Professor of Graduate School of Commerce and Management of HITOTSUBASHI UNIVERSITY</td> </tr> <tr> <td data-bbox="466 365 619 394">January 2011</td> <td data-bbox="719 365 1310 421">Dean of Graduate School of Commerce and Management of HITOTSUBASHI UNIVERSITY</td> </tr> <tr> <td data-bbox="466 421 628 450">December 2014</td> <td data-bbox="719 421 1187 477">Board Member and Executive Vice President of HITOTSUBASHI UNIVERSITY (current post)</td> </tr> <tr> <td data-bbox="466 477 580 506">April 2018</td> <td data-bbox="719 477 1305 533">Professor of Graduate School of Business Administration of HITOTSUBASHI UNIVERSITY (current post)</td> </tr> <tr> <td colspan="2" data-bbox="466 562 1267 618">(Significant concurrent post) Board Member and Executive Vice President of HITOTSUBASHI UNIVERSITY</td> </tr> </table>		April 2000	Professor of Graduate School of Commerce and Management of HITOTSUBASHI UNIVERSITY	January 2011	Dean of Graduate School of Commerce and Management of HITOTSUBASHI UNIVERSITY	December 2014	Board Member and Executive Vice President of HITOTSUBASHI UNIVERSITY (current post)	April 2018	Professor of Graduate School of Business Administration of HITOTSUBASHI UNIVERSITY (current post)	(Significant concurrent post) Board Member and Executive Vice President of HITOTSUBASHI UNIVERSITY	
April 2000	Professor of Graduate School of Commerce and Management of HITOTSUBASHI UNIVERSITY											
January 2011	Dean of Graduate School of Commerce and Management of HITOTSUBASHI UNIVERSITY											
December 2014	Board Member and Executive Vice President of HITOTSUBASHI UNIVERSITY (current post)											
April 2018	Professor of Graduate School of Business Administration of HITOTSUBASHI UNIVERSITY (current post)											
(Significant concurrent post) Board Member and Executive Vice President of HITOTSUBASHI UNIVERSITY												
<p>• Reasons for nomination as a candidate for Outside Audit & Supervisory Board Member Mr. Numagami has actively worked on the research on corporate management for many years, and has an impressive academic knowledge with regard to corporate management strategy and an ideal state of an organization, in addition to being familiar with many industrial fields. He also has experience of university management as Executive Vice President of HITOTSUBASHI UNIVERSITY. Although he does not have past experience in corporate management other than having served as Outside Director, the Company believes that Mr. Numagami is very capable of augmenting the audit operations of the Company in an independent manner and with a broad perspective, given his extensive experience and impressive knowledge, and has judged Mr. Numagami to be suitable as an Outside Audit & Supervisory Board Member of the Company.</p> <p>• Special matters:</p> <ol style="list-style-type: none"> 1. Mr. Numagami is a candidate for Outside Audit & Supervisory Board Member who satisfies the requirements of the Tokyo Stock Exchange, Inc. etc. for Independent Director/Audit & Supervisory Board Member as well as the “Standards for Independence of Outside Directors/Audit & Supervisory Board Members” stipulated by the Company and the Company has designated him as Independent Director/Audit & Supervisory Board Member as stipulated under the regulations of the Tokyo Stock Exchange, Inc. etc. and is to register him as such with the Tokyo Stock Exchange etc. Furthermore, HITOTSUBASHI UNIVERSITY, where Mr. Numagami serves as Board Member and Executive Vice President, has not received any donations from the Company and its operating companies in the past three years. 2. To ensure that Mr. Numagami, if appointed as an Audit & Supervisory Board Member, can fully demonstrate his capability as expected in his role as an Audit & Supervisory Board Member, the Company will enter into an agreement with Mr. Numagami in accordance with Article 427, Paragraph 1, of the Companies Act, which limits Outside Audit & Supervisory Board Member’ indemnity liability provided for in Article 423, Paragraph 1, of the said Act to the amount defined under laws and regulations. 3. If Mr. Numagami is appointed as Outside Audit & Supervisory Board Member, the Company intends to appoint him as a member of the Nomination Committee. 												

(Translation for reference only)

(Reference)

Standards for Independence of Outside Directors/Audit & Supervisory Board Members of JFE Holdings, Inc.

JFE Holdings, Inc. (the “Company”) establishes the standards for independence of Outside Directors and Outside Audit & Supervisory Board Members as described below. An Outside Director or Outside Audit & Supervisory Board Member is deemed not to have sufficient independence from the Company in the event that he/she falls under any of the items below.

- 1) A person who is or was an executive director, executive officer or employee (collectively the “Executive”) of the Company or its subsidiary.
- 2) A person who is currently a major shareholder of the Company. In the event that the person is a legal entity such as a company, a person who is or, in the past 3 years, was the Executive of such legal entity or a parent company or a significant subsidiary of such legal entity.
- 3) A person for whom the Company or its operating company is a major business partner. In the event that the person is a legal entity such as a company, a person who is or, in the past 3 years, was the Executive of such legal entity or a parent company or a significant subsidiary of such legal entity.
- 4) A person who is a major business partner of the Company or its operating company. In the event that the person is a legal entity such as a company, a person who is or, in the past 3 years, was the Executive of such legal entity or a parent company or a significant subsidiary of such legal entity.
- 5) A financial institution or other major creditor of the Company or its operating company who is indispensable for the fundraising of the Company or its operating company and on whom the Company or its operating company depends to the extent that it is irreplaceable. In the event that the financial institution or other major creditor is a legal entity, a person who is or, in the past 3 years, was the Executive of such legal entity or a parent company or a significant subsidiary of such legal entity.
- 6) A person who has received donations exceeding a certain amount (an annual average of either 10 million yen or 30% of the person’s total expenses, whichever is larger, over the past 3 years) from the Company or its operating company. In the event that the person is a legal entity such as a company, a person who is or, in the past 3 years, was the Executive of such legal entity or a parent company or a significant subsidiary of such legal entity.
- 7) A consultant, accounting professional such as a certified public accountant, or legal professional such as a lawyer who has received a large amount of money or other assets (an annual average of 10 million yen or larger over the past 3 years) in addition to the director’s or audit & supervisory board member’s remuneration from the Company or its operating company. In the event that the consultant, accounting professional or legal professional is an organization such as a legal entity or an association, a person who belongs to such organization.
- 8) An accounting auditor of the Company or its operating company, or a person who is a partner, etc. of such accounting auditor; or a person who performed auditing on the Company or its operating company as a partner, etc. of such accounting auditor in the past 3 years.
- 9) A person who is a director, audit & supervisory board member, executive officer or corporate officer of a company or a parent company or a subsidiary of such company, in the event that such company has accepted directors from the Company or its operating company.
- 10) A person who is or, in the past 3 years, was the Executive of a lead managing underwriter of the Company.
- 11) A relative of a person falling under any of foregoing items 1) through 10) (the person’s spouse, relatives within the third degree of kinship, or relatives living with the person).

Nevertheless, in the event that a person who falls under any of the foregoing items is deemed by the Company appropriate for an independent outside director/audit & supervisory board member of the Company in light of the person’s personality, insight, etc., the Company may nominate such person as a candidate for an independent outside director/audit & supervisory board member, by providing the reason to believe that the person is appropriate for an independent outside director/audit & supervisory board member of the Company, and by explaining that the person fulfills the

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requirements for an independent outside director/audit & supervisory board member.

- * “Operating company” refers to JFE Steel Corporation, JFE Engineering Corporation and JFE Shoji Trade Corporation.
- * “Major business partner” refers to the case where the aggregate amount of transactions with the business partner exceeds 1% of consolidated net sales in the most recent fiscal year.

(Translation for reference only)

Proposal 4: Payment of Directors' bonuses

The Company proposes to pay bonuses of 47,840 thousand yen in total to two of the eight Directors as of the end of the 16th term, in consideration of the Company's business results for the term.

The Company does not pay bonuses to Outside Directors or Audit & Supervisory Board Members, given their respective roles of supervising and auditing management from an independent and objective standpoint. In addition, the Company does not pay bonuses to Directors concurrently serving as Executive Directors of operating companies, namely JFE Steel Corporation, JFE Engineering Corporation, and JFE Shoji Trade Corporation.

Proposal 5: Revision of remuneration amounts for Directors and Audit & Supervisory Board Members

Upon approval by the 77th Ordinary General Meeting of Shareholders of Kawasaki Steel Corporation held on June 26, 2002, and the 148th Ordinary General Meeting of Shareholders of NKK Corporation held on the same day to establish the Company as their wholly owning parent company through share transfers, approval was also granted for the total monthly remuneration limit of Directors and Audit & Supervisory Board Members, which shall be 40 million yen and 15 million yen, respectively, and this remains in effect. Since then, the Company has paid basic remuneration to Directors and Audit & Supervisory Board Members within this remuneration limit and bonuses have been approved at an Ordinary General Meeting of Shareholders each time payment was made.

In October 2015, the Company established the Remuneration Committee as an advisory body to the Board of Directors, with the majority comprising Outside Directors/Audit & Supervisory Board Members and chaired by an Outside Director, to ensure fairness, objectiveness, and transparency of remuneration of Directors, etc. of the Company and operating companies. Although the Company plans to introduce the stock remuneration plan, based on deliberations by and reports from the Remuneration Committee as shown in Proposal 6, Directors' remuneration will continue to be reviewed in a timely and appropriate manner based on objective deliberations at the Remuneration Committee while considering the balance between fixed remuneration and performance-linked remuneration.

Accordingly, the Company would like to change Directors' remuneration limits from a monthly basis to an annual basis and provide bonuses within that limit for Directors, and revise the annual limit to 700 million yen (of which 80 million yen for Outside Directors), comprehensively considering factors such as the number of Directors, remuneration levels at other companies, and historical payment levels. Furthermore, the Company does not pay bonuses to Outside Directors and Directors concurrently serving as Executive Directors of operating companies.

Going forward, the Company will determine basic remuneration and bonuses for Directors at meetings of the Board of Directors, within the remuneration limit to be approved in this Proposal. Moreover, the implementation of the payment of bonuses to Directors within this remuneration limit will be applied from the bonuses to be paid in consideration of business results in FY2018.

The Company would also like to change remuneration limits for Audit & Supervisory Board Members from a monthly basis to an annual basis and revise the annual limit to 200 million yen, comprehensively considering factors such as the number of Audit & Supervisory Board Members, remuneration levels at other companies, and historical payment levels. Remuneration for Audit & Supervisory Board Members will be basic remuneration only, and bonuses will not be paid.

At present there are eight Directors (including three Outside Directors) and five Audit & Supervisory Board Members (including three Outside Audit & Supervisory Board Members), and if

(Translation for reference only)

Proposal 2 and Proposal 3 are approved as proposed, there will be no change to either of their respective number of members.

(Translation for reference only)

Proposal 6: Determination of amount and content of medium- to long-term performance-linked remuneration for Directors

1. Reasons for the Proposal and reasons the remuneration is appropriate

In order to raise medium- to long-term corporate value and contribute to the sustainable growth of society under the sixth Medium-Term Business Plan starting from FY2018, the Company intends to introduce a “Board Benefit Trust” stock remuneration plan (hereinafter referred to as the “Plan”) linked to performance over the medium- to long-term for Directors and Corporate Officers of the Company and its operating companies (specific eligible persons are as described in 2. (1) below, and eligible persons are hereinafter referred to collectively as the “Group’s Directors/Officers”), in addition to the former basic remuneration and bonuses.

In this Proposal, the Company seeks approval for the amount and content of remuneration for Directors of the Company who are eligible for the Plan, apart from the remuneration limit to be approved in Proposal 5 (within 700 million yen per year (of which 80 million yen per year for Outside Directors)). Furthermore, the Company proposes that decisions regarding the details of the Plan be delegated to the Board of Directors, within the limits in 2. below.

The purpose of the introduction of the Plan is to further clarify the linkage among remuneration, performance results of the Group, and stock value, and further enhance the sharing of value with shareholders with the aim of raising awareness toward contributing to an increase in corporate value over the medium- and long-term, by granting the Company’s Shares (as defined in 2. (1) below) to the Group’s Directors/Officers according to the level of achievement against performance targets under the Medium-Term Business Plan. In addition, the introduction of the Plan was determined at a meeting of the Board of Directors, after deliberations by and reports from the Remuneration Committee. Based on the above, the Company believes the content of this Proposal is appropriate.

Currently, two of the Company’s Directors will be eligible for the Plan, as Outside Directors will not be eligible for the Plan, and the Company will not pay remuneration based on the Plan to Directors concurrently serving as Executive Directors at operating companies. If Proposal 2 is approved as proposed, there will be no change to this number.

2. Amount and content of remuneration under the Plan

(1) Overview of the Plan

The Plan is a stock remuneration plan whereby shares in the Company are acquired through a trust funded by cash contributed by the Company (hereinafter, the trust established pursuant to the Plan is referred to as the “Trust”), and the Company’s shares and an amount of cash equivalent to the market price of the Company’s shares (hereinafter referred to as the “Company’s Shares”) are provided through the Trust to the Group’s Directors/Officers, pursuant to the Stock Grant Regulations for Officers established by the Company and its operating companies.

The Plan shall be introduced for the three fiscal years from FY2018 covered under the sixth Medium-Term Business Plan (hereinafter referred to as the “Initial Target Period;” and the Initial Target Period and each three fiscal-year period after the Initial Target Period are referred to as the “Target Period”) and for each subsequent Target Period.

(Translation for reference only)

Structure of the Plan	Performance-linked portion	The Company's Shares are granted according to the level of achievement against performance targets under the Medium-Term Business Plan, etc., for a Target Period -> For the Initial Target Period, utilizing 200 billion yen per year, the target for profit attributable to owners of the parent under the sixth Medium-Term Business Plan, as the performance indicator, the payment level will vary within a range from 0 to 150% for each fiscal year, setting it to 100% in the case that the target has been achieved. * However, no payment shall be made for a fiscal year in which ROE is less than 5%. * Additionally, no payment shall be made to those eligible at operating company for a fiscal year in which said operating company has recorded a consolidated ordinary loss.
	Service-length portion	The Company's Shares are granted according to the length of the term of office at each company and for each position.
Those eligible for the Plan	Performance-linked portion	<ul style="list-style-type: none"> · Directors of the Company and its operating companies (excluding Outside Directors) · Corporate Officers of the Company and its operating companies not concurrently serving as Directors (excluding residents outside Japan)
	Service-length portion	Directors (excluding Outside Directors) of the Company and its operating companies
Cash limit amount to be contributed by the Company to the Trust		4,500 million yen for each Target Period (of which 600 million yen will be for the Company's Directors)
Limit of number of the Company's shares to be acquired by the Trust for provision		4,800 thousand shares for each Target Period (of which 660 thousand shares for the Company's Directors)
Method of acquisition of the Company's shares by the Trust		Through the stock market or by subscription to the disposal of the Company's treasury shares
Time of granting the Company's Shares		When the Group's Directors/Officers retire, in principle

(2) The cash limit amount that the Company contributes to the Trust and limit of the number of the Company's shares to be granted from the Trust

As funds to acquire the Company's Shares for granting to the Group's Directors/Officers, the Company shall contribute cash to the Trust up to a maximum of 4,500 million yen for each Target Period (of which 600 million yen for Directors of the Company).^{*1} The limit amount for the Company's Directors is calculated as the remuneration amount with the highest performance evaluation (equivalent to 150% with the case that the targets under the Medium-Term Business Plan have been achieved at 100%), taking into consideration the number of Directors after the conclusion of this General Meeting of Shareholders and replacement of Directors in the future.

However, if, at the time additional contributions are made for each Target Period after the Initial Target Period has elapsed there remain the Company's shares (excluding the Company's shares that correspond to the points granted to the Group's Directors/Officers for each Target Period up to the immediately preceding Target Period and that have not yet been provided to the Group's Directors/Officers) and cash (hereinafter referred to together as the "Residual Shares, etc.") in the trust assets, the amount after deducting the monetary amount of the Residual Shares, etc. (for the Company's shares, the monetary amount of the book value as of the final day of the immediately preceding Target Period) from the above limit amount shall be the limit amount of additional contributions for the relevant Target Period.

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The limit of the total number of the Company's shares (including the number of the Company's shares subject to conversion into cash) to be granted to the Group's Directors/Officers according to (5) below, which is acquired within such limit amount, shall be 4,800 thousand shares for each Target Period (of which 660 thousand shares for Directors of the Company). This is set by using the Company's share price and other factors as a reference, based on the aforementioned limit amount of contributions.

*1. The cash amount that the Company contributes to the Trust shall include that to be borne by operating companies for funds for the acquisition of the Company's Shares to be granted to Directors and Corporate Officers of these companies, but the Company and these companies shall conduct settlement in regard to this money each time the Company's Shares are granted to eligible persons of these companies.

(3) Methods of acquisition of the Company's shares

The Trust shall acquire the Company's shares, funded by cash contributed through (2) above, either through the stock market or by subscription to the disposal of the Company's treasury shares, and new shares shall not be issued. Details of acquisition of the Company's shares through the Trust shall be disclosed in a timely and appropriate manner.

(4) Calculation method for number and amount of the Company's Shares to be granted to the Group's Directors/Officers

For each fiscal year, the Group's Directors/Officers are granted points based on matters such as their positions and performance achievements in accordance with the Stock Grant Regulations for Officers of the relevant company. The limit of the total number of points granted to the Group's Directors/Officers shall be 1,600 thousand points (of which, 220 thousand points shall be for the Company's Directors) for each fiscal year. The points granted for each fiscal year, in principle, are accumulated until the retirement of the relevant Group's Directors/Officers, and the number of such accumulated points is multiplied by a prescribed coefficient established based on the reason of their retirement (not exceeding 1). The points computed in this manner (hereinafter referred to as the "Defined Number of Points") are converted to the number of the Company's common shares by converting one point to one share of common stock of the Company. The Company's Shares thus calculated will be granted as described in (5) below. However, if actions such as a stock split, a gratis allotment or a stock consolidation of the Company's shares is carried out after the Plan is introduced, the Company will reasonably adjust the limit of number of points, the number of points already granted or their conversion ratio, in accordance with matters such as the ratios of such actions.

The number of points granted for each fiscal year in the Initial Target Period shall be calculated as follows.

(i) Performance-linked portion

The Company has set the target of profit attributable to owners of the parent established under the sixth Medium-Term Business Plan as an indicator for calculating the performance-linked portion, bearing in mind the importance of committing to profits which are directly linked to shareholder return. The minimum requirement for granting points is that ROE is not less than 5%, from the perspective that it is a necessity and an obligation of the Company's management to make profits over a medium- to long-term that exceed the cost of capital by

(Translation for reference only)

making the most of shareholders' equity to enhance corporate value in a sustainable manner.

Specifically, it will be calculated by multiplying the base points specified for each company and position (hereinafter referred to as "Performance-linked Points") by an adjustment rate based on the level of achievement against the target of profit attributable to owners of the parent under the sixth Medium-Term Business Plan. The adjustment rate shall be set to 100% in the case that the targets have been achieved and shall vary within a range of 0% to 150%.

$$\begin{array}{rcl} \text{Annual points to} & & \text{Performance-linked} \\ \text{be granted} & = & \text{Points} \\ & & \times \text{ Adjustment rate regarding profit} \\ & & \text{attributable to owners of the parent} \\ & & \text{(0\% to 150\%)} \end{array}$$

The adjustment rate shall be 0% in the case that ROE is less than 5% in the relevant fiscal year. The adjustment rate applicable to those eligible at an operating company shall be 0% in the case that the relevant operating company records a consolidated ordinary loss in the relevant fiscal year.

(ii) Service-length portion

The service-length portion is calculated by multiplying the base points specified for each company and position (hereinafter referred to as "Service-length Points") by an adjustment rate based on the length of the term of office for the relevant position. The adjustment rate shall be 100% for those who remain in office for the entire service period for the relevant fiscal year.

$$\begin{array}{rcl} \text{Annual points to be} & & \text{Service-length} \\ \text{granted} & = & \text{Points} \\ & & \times \text{ Adjustment rate according to the length of} \\ & & \text{the term of office for the relevant position} \\ & & \text{(0\% to 100\%)} \end{array}$$

* Performance-linked Points and Service-length Points will be subsequently disclosed in the securities report, etc., via the prescribed procedures.

(5) Provision of the Company's Shares

In principle, the Group's Directors/Officers who retire shall receive from the Trust the Company's shares corresponding to the Defined Number of Points after retirement, if they meet the beneficiary requirements provided in the Stock Grant Regulations for Officers of the respective company and by carrying out specified beneficiary confirmation procedures. However, if they meet the requirements provided in the Stock Grant Regulations for Officers of the respective company, the Group's Directors/Officers shall receive cash instead of the Company's shares in an amount equivalent to the market value of such shares for a certain percentage of the points. The Trust may sell the Company's shares to make such cash provisions.

(6) Exercise of voting rights

The voting rights attached to the Company's shares in the Trust's account shall not be exercised, in order to ensure neutrality to the Company's management.

(Translation for reference only)

(7) Dividends

The Trust shall receive dividends from the Company's shares held in the Trust's account and allocate them to the payment of the costs for acquiring the Company's shares, to the trust fees for the Trust's trustee, etc. If the Trust is terminated, residual funds in the Trust, including dividends, shall be donated to organizations that have no conflicts of interest with the Company and the Group's Directors/Officers in accordance with the provisions of the Stock Grant Regulations for Officers.

(8) Other

Other details related to the Plan shall be determined by the Board of Directors.

(Translation for reference only)

(Reference)

The Plan shall be introduced for Corporate Officers of the Company and Directors and Corporate Officers of operating companies after resolutions are passed at the Board of Directors of the Company and operating companies, and approval is given by resolution at the General Meeting of Shareholders of operating companies, subject to the approval of Proposal 6 as proposed.

Remuneration Plan for the Company's Directors and Audit & Supervisory Board Members if Proposal 5 and Proposal 6 are Approved as Proposed

1. Basic policy on remuneration for the Company's Directors and Corporate Officers

With the introduction of the Plan, the Company's Board of Directors has determined a basic policy on remuneration for its Directors and Corporate Officers based on deliberations by and reports from the Remuneration Committee as follows.

- The Board of Directors shall determine remuneration for Directors and Corporate Officers based on deliberations regarding its appropriateness by the Remuneration Committee to ensure fairness, objectiveness and transparency.
- The remuneration level for Directors and Corporate Officers shall be determined to secure excellent human resources who are able to put the Group's corporate vision into practice, taking into consideration the business environment of the Group and remuneration levels at other companies in the same industry or of the same scale.
- The ratio between basic remuneration and performance-linked remuneration (annual bonus and stock remuneration) shall be properly established according to the roles and responsibilities, etc. of each Director and Corporate Officer so as to function as sound incentives toward the sustainable growth of the Group.

2. Composition of remuneration for the Company's Directors and Audit & Supervisory Board Members

	Fixed remuneration	Performance-linked remuneration		
	Basic remuneration	Annual bonus	Stock remuneration	
			Performance-linked portion	Service-length portion
Directors (excluding Outside Directors)*	✓	✓	✓	✓
Outside Directors	✓	-	-	-
Corporate Officers not concurrently serving as Directors	✓	✓	✓ (excluding residents outside Japan)	-
Audit & Supervisory Board Members	✓	-	-	-

* The Company pays only basic remuneration as remuneration for Directors of the Company concurrently serving as Executive Directors of operating companies, and annual bonuses and stock remuneration are paid as remuneration for Directors from the operating companies.

3. Ratio of each type of remuneration

The ratio for the Company's President has been roughly set as follows for the case that performance targets have been achieved.

Basic remuneration : Annual bonus : Stock remuneration = 60%:20%:20%

(Translation for reference only)

<Shareholder's Proposal (Proposal 7)>

This Proposal 7 has been submitted by one of our shareholders.

Among propositions submitted by a shareholder, only the proposition that meets the requirements for discussion at the General Meeting of Shareholders is presented as the Proposal. Furthermore, a title has been given to this proposal, which was not in the original proposition submitted by said shareholder, the content of this Proposal has been made more concise, and errors in the characters used for a name have been amended (in the Japanese version). The reason for this Proposal is stated as was written by said shareholder.

Proposal 7: Dismissal of one Director

Content of this Proposal

Director Koji Kakigi will be dismissed.

Reasons for this Proposal

The former Kawasaki Steel forgave debt totaling 300 billion yen in order to make up for the losses of a subsidiary, while (No subject) only returned part of his officer remuneration, and did not suffer any loss. Next, despite the fact that the LSI business has no potential, it was explained at a General Meeting of Shareholders that Kawasaki Steel's LIS were products in a specialized field, and there was no need to exit this business, and yet after more than ten years and having increased losses, Kawasaki Steel exited the business. Furthermore, at the time of the merger with Nippon Kokan, when the merger information became public it was initially denied, but when the merger was effectively publicly announced in the *Nikkei Business* magazine some months later, the share price fell by as much as 7% in a single day. When a question was asked about this fact at a General Meeting of Shareholders, we were told that a third-party institution would conduct an analysis, and an appropriate allotment would be made to shareholders of both companies, and yet the allotment was conducted with a ratio of four-to-three, despite the fact that the share price of Kawasaki Steel was in the 120 to 130 yen range and Nippon Kokan was in the 60 to 70 yen range at the time, so an allotment with a ratio of two-to-one would have been appropriate using market prices as a benchmark. Shareholders of Kawasaki Steel... Next, at Kawasaki Steel, a large number of employees were forced to retire owing to personnel cuts. Mr. Emoto made remarks to the effect that incompetent employees had been fired in the *Nikkei Business* magazine. Saying that those who retired were incompetent amounts to slander on a national level, and is truly equivalent to "punishing the dead." Mr. Okuda, Chairman of the Japan Business Federation at the time, said that if one was going to fire people, one should resign, but Mr. Emoto did not resign, and in fact clung to the position of President and took no responsibility. In this way, Mr. Emoto was incompetent, lacking in principles, and irresponsible as a manager, and cruel as a person, but the fact that Mr. Kakigi did not oppose a company-sponsored funeral for Mr. Emoto, as though glorifying him, was a fraudulent act designed to cause shareholders to mistakenly judge that Mr. Kakigi, with failings of the same level as Mr. Emoto, was capable of serving as Director, and justify his position as Director, and therefore Mr. Kakigi is unsuitable as a Director, and I request his dismissal.

Translator's note

There are parts where it is difficult to translate because in the original text of the Japanese there are places where the subject is not explicitly stated and places where the sentences are described only partially.

(Translation for reference only)

Board of Directors' opinion

The Board of Directors of the Company opposes to this Proposal.

(Reasons for the opposition)

As Representative Director, President and CEO of JFE Steel Corporation, the Group's core company, Director Koji Kakigi has made aggressive efforts such as working to streamline the domestic manufacturing base and expand overseas businesses, as well as faithfully executing his duties in accordance with laws and regulations and the Articles of Incorporation since his appointment as Director of the Company, and striving to sustain the growth and enhance the corporate value of the Group. The Board of Directors of the Company has therefore judged Mr. Kakigi to be suitable as a Director of the Company.

As such, the Board of Directors opposes this proposal.

Furthermore, the Board of Directors believes that the statements in the above "Reasons for this Proposal" about the late Mr. Emoto, who served as Representative Director and Chairman of the Company, differ from reality.

(Translation for reference only)

[Appendixes]

Business Report for the 16th Term

(From April 1, 2017 to March 31, 2018)

1. Overview of the Corporate Group

(1) Business progress and results, and tasks requiring attention

[Performance of the Group]

The JFE Group, guided by its corporate mission of contributing to society with the world's most innovative technology, continued its effort to achieve sustainable growth and to improve corporate value for its shareholders and all other stakeholders.

In the Japanese economy in the 16th term, exports and corporate profits were solid, capital investment increased, as did public investment amid economic stimulus measures, and the economy achieved a mild recovery. Overseas, the global economy recovered modestly as a whole and the United States in particular, although the outlook remained cloudy owing to uncertainties surrounding economic policies in Europe and the United States, the risk of an economic downturn in China, rising geopolitical risks and other factors.

Under JFE's fifth medium-term business plan, the company worked steadily in Japan to improve its manufacturing base and reduce costs to strengthen its domestic profit base, leverage its technological advantages to develop new products and secure and nurture diverse human resources. Overseas, JFE steadily expanded business from a mid- to long-term perspective. Due to such efforts, both ordinary profit and profit attributable to owners of the parent company increased in the 16th term.

Each operating company has developed activities suited to its business characteristics and the surrounding environment.

<Performance of JFE Steel Corporation>

JFE Steel Corporation's consolidated crude steel production was 30.06 million tons for the 16th term, on par with the previous fiscal year. Consolidated net sales increased to 2,715.4 billion yen as a result of ongoing efforts to improve steel prices. Consolidated ordinary income increased sharply to 198.8 billion yen as a result of efforts to raise steel sales prices and ongoing measures to improve earnings, despite a significant increase in costs as a result of surging coking coal prices since autumn 2016 and increases in prices of metals and costs of other auxiliary raw materials, materials prices, distribution and the like.

<Performance of JFE Engineering Corporation>

JFE Engineering Corporation placed a focus on smoothly executing project orders received in previous fiscal years while also pursuing new orders to expand the business. Orders grew as a result, but consolidated net sales were down to 391.3 billion yen owing to the timing of recognition of sales on ordered projects. Consolidated ordinary income fell to 19.3 billion yen owing to declined sales and additional one-time costs incurred at overseas plants, etc.

<Performance of JFE Shoji Trade Corporation>

JFE Shoji Trade Corporation's consolidated net sales increased to 1,907.9 billion yen as sales volume was boosted by efforts to capture demand for steel materials in the automotive field and the Greater Tokyo area redevelopment projects as well as better unit sales prices for steel products both in Japan and abroad. Consolidated ordinary income rose to 33.0 billion yen on increased sales and stronger profitability at Group companies in Japan and abroad.

<Consolidated business results of the Group>

An equity method loss of 31.8 billion yen was recorded on equity method affiliate Japan Marine United Corporation as the company booked a loss due to delayed progress in certain construction

(Translation for reference only)

projects and the effects of the strong yen.

As a result of the above developments, on a consolidated basis including JFE Holdings, Inc.'s non-consolidated results, both sales and profits were up year over year, with consolidated net sales coming to 3,678.6 billion yen, consolidated operating income of 246.6 billion yen and consolidated ordinary income of 216.3 billion yen. Despite recording a gain on the sale of investment securities, an overall extraordinary loss of 2.9 billion yen was booked owing to the impairment of non-current assets at JFE Steel's Chita Works and other factors. The Group recorded consolidated profit before income taxes of 213.3 billion yen and profit attributable to owners of parent of 144.6 billion yen.

<Non-consolidated operating results>

During the 16th term, JFE Holdings, Inc. received total management fee income of 2.5 billion yen from three operating companies. JFE Holdings also received total dividend income of 17.7 billion yen from the said three operating companies.

As a result, on a non-consolidated basis, JFE Holdings recorded operating income of 18.0 billion yen and ordinary income of 18.0 billion yen. In addition, extraordinary loss was 60.1 billion yen and loss was 42.1 billion yen, owing to the recording of a loss on valuation of shares of subsidiaries and associates of 60.1 billion yen in regard to Japan Marine United Corporation.

JFE Holdings considers the return to shareholders to be among its top management priorities and has a policy of proactively distributing dividends from surplus while maintaining a sustainable operational base for the Group. Taking into consideration the level of consolidated profit, JFE Holdings intends to propose at this General Meeting of Shareholders a year-end dividend of 50 yen per share. As a result, the annual dividends, including the interim dividend of 30 yen per share, will be 80 yen per share.

[Tasks requiring attention]

During the previous medium-term plan (April 2015 – March 2018), the JFE Group enhanced its competitiveness through measures such as strengthening its domestic profit base.

In the steel business, the Group took steps to streamline the domestic manufacturing base, including overhauling coke oven facilities, in addition to making investments in North America, the ASEAN region, and elsewhere overseas, primarily in the automotive and steel sheet and construction materials fields. In the engineering business, the Group focused on strengthening its overseas businesses and business expansion, primarily in the power generation and environmental fields. In the trading business, the Group endeavored to enhance sales capabilities by enhancing the supply chain through strengthening domestic processing sites and overseas coil centers.

The Group also strengthened corporate governance and environmental management, and worked to establish a corporate structure conducive to sustainable growth.

As for financial and profitability metrics, however, the Group did not achieve its ROE target of more than 10% owing to factors including sluggish demand in certain areas and problems with equipment that led to lower production levels.

Current economic conditions are sound both in Japan and abroad as global economies continue to expand. We believe that well-timed responses to structural changes in the automotive and the environment & energy fields—key fields for the Group—and the utilization of advanced digital technologies will enable the Group to take advantage of new business opportunities and strengthen its competitiveness. At the same time, potential concerns include Japan's declining birthrate and the aging of its population, wide fluctuations in the prices of raw materials and other resources, the rising risk of trade protectionism and other changes in the external environment. Meanwhile, international efforts are underway to implement global frameworks for a more sustainable future, such as the United Nations adopting sustainable development goals (SDGs) and the Paris climate accord coming into effect. Accurately assessing and swiftly responding to these external developments will be crucial.

<Group-wide Measures under the Sixth Medium-term Business Plan>

This year, the JFE Group has formulated its sixth medium-term business plan, which lays out strategic guidelines for the three-year period from fiscal year 2018. Our sixth medium-term business plan strategically addresses growth areas by making maximal use of leading-edge

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technological capabilities, advanced IT, Group coordination and a diverse workforce. By increasing the Group's value over the medium/long term and contributing to sustainable societies, the JFE Group aims to achieve its corporate vision of "contributing to society with the world's most innovative technology."

The plan's key undertakings are outlined below.

1. Pursue growth by meeting social needs with leading-edge technologies

We will strengthen coordination within the Group and make effective use of external resources to drive innovative research and development to produce leading-edge technologies. We will also deploy data-science technologies—including AI, IoT and big data—and robotics, to greatly improve productivity and enhance our competitive edge.

We see business opportunities in areas such as the trend toward lighter vehicles and technological innovation such as EVs, and structural changes in the energy & environmental field, so we intend to respond by deploying leading-edge technologies and expanding operations-focused projects. We will also aim to provide processes for saving resources and energy, products and solutions.

2. Continue to expand domestic profit base and strengthen manufacturing capabilities

We will systematically make domestic capital investments on a level exceeding that of our previous medium-term business plan results. Facilities will be renovated for stable production, cost reductions and enhanced competitiveness, as well as to broaden our profit base by expanding capacity and capabilities for developing and manufacturing high-grade steel. In areas of ongoing structural change, we will carefully assess customer needs and deliver highly value-added products and services when and where they are needed.

3. Advance overseas business and expand overseas profit base

We will implement activities to focus on expanding the profit base from investment projects initiated thus far. Through effective vertical specialization in conjunction with domestic business and by using our Group network (e.g., steel sheet and construction materials business in Myanmar), we will build optimal supply chains and manage projects according to local needs. In addition, we will consider and execute new project investments in priority areas and strategic regions. At present, we expect to invest around 100 billion yen in projects during the sixth medium-term business, but we are prepared to invest beyond this level if other projects offer attractive benefits.

4. Strengthen business structure for sustainable growth

In order to implement our sixth medium-term business plan, we will strengthen measures against a range of environmental, social and governance (ESG) issues to contribute to sustainable societies, a key priority.

- We will continue to reduce environmental loads by reducing CO₂ emissions in steelmaking processes, reusing water and energy resources, developing environmentally friendly products and process technologies, and providing other solutions.
- We will continue to create workplaces where our diverse workforce can demonstrate its full potential. Initiatives will include instituting workstyle and operational reforms, developing human resources and ensuring that technical skills are passed on, and promoting diversity.
- We will endeavor to enhance governance by further ensuring the effectiveness of initiatives implemented thus far, including the establishment of a nomination committee and remuneration committee, and partial revisions to the structure of the Board of Directors and Audit & Supervisory Board based on evaluations of their effectiveness and the results of those evaluations.

In addition to these ongoing activities, we will also take the following new initiatives:

- Set key performance indicators (KPIs) for CSR priorities, including customer service, environmental protection, employment health & safety and human resources development, and

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work to attain these goals through our operating companies.

- Introduce a remuneration plan for Directors, etc. linked to medium/long-term financial performance
- Issue an Integrated Report to enhance communication with stakeholders

We aim to achieve a return on equity (ROE) of 10% by strengthening the domestic profit base and expanding overseas profitability, for which measures already are being implemented. We will also work to improve earnings and cash flow to achieve a financial standing equal to the level required by international credit agencies for an A-grade rating (the target is a debt/EBITDA ratio of below 3x).

Under the sixth medium-term business plan, we are targeting 280 billion yen in consolidated ordinary income and 200 billion yen in profit attributable to owners of the parent. Measures will be implemented to meet and sustain these financial goals. Our financial and profitability targets for the consolidated Group and individual operating companies have been set with respect to the specific characteristics of each business and the changing external environment. The goal is to achieve the targeted levels stably over the three-year term (average basis) rather than pointing exclusively to the plan's final year.

<Measures to be taken by operating companies>

JFE Steel will promote a growth strategy through leading-edge technologies. By implementing customer-oriented sales and further cementing and expanding awareness of the JFE brand, JFE Steel aims to constantly create new value and build a global supply chain for steel that grows in step with customers.

To keep pace with technological innovations such as lighter vehicles and the shift to EVs, JFE Steel will accelerate and evolve its technology development by focusing on high-tensile steel for products and solutions targeted at the priority fields of automobiles, infrastructure materials and energy. Also, JFE Steel aims to develop environmentally friendly production technologies, such as those for the eco-responsible processing of Ferro coke and other raw materials.

Next, to increase capacity and maximize performance, new continuous casting lines, etc. will be installed, particularly in the company's core West Japan Works. Also, innovative production technologies will be developed, focusing on upstream processes, to facilitate the use of inexpensive raw materials and the like. Through these initiatives, JFE Steel aims to achieve stable annual crude steel production of 30 million tons on non-consolidated base, and additional cost reductions of around 105 billion yen over the plan's three-year term. By stabilizing production in this manner, the company intends to enhance the resilience of its production capabilities.

Regarding overseas business development, JFE Steel Group aims to continue expanding profitability with a focus on priority fields where efforts have been made to expand global production suited to the maturity of each region and market. In Asia's high-growth economies, in addition to pursuing traditional vertical specialization, JFE Steel will build integrated production operations in high-demand markets to make greater use of upstream facilities.

Under the sixth medium-term business plan, JFE Steel will target consolidated ordinary income of 220 billion yen per year (as an average over the period).

In Japan, to aim for further growth, JFE Engineering will strengthen and expand projects encompassing operations and maintenance activities, in addition to existing engineering, procurement and construction activities. Overseas, the company will lay the foundations for stable earnings with a focus on urban infrastructure, the environment and energy. In addition, JFE Engineering aims to swiftly bring to market and expand orders for new products that address customer and market needs, as represented by high-efficiency waste-to-energy plants and AI solutions, etc. Risk-management practices will be tightened to ensure that projects are executed properly and generate returns.

As an engineering company capable of contributing to the realization of a sustainable society, JFE Engineering will aim to "Create" and "Underpins" the foundations for life," and will target consolidated ordinary income of 30 billion yen per year (as an average over the period) under the sixth medium-term business plan.

(Translation for reference only)

JFE Shoji Trade will aggressively implement measures to expand its existing profit base and generate future growth, ultimately for a stable and growing profit base.

JFE Shoji Trade will fully utilize JFE Group resources and expand steel product sales volumes. It will also expand business outside of the Group to increase earnings from trading operations. In addition to maintaining its steel supply chain, the company will work to expand profitability by strengthening its processing and distribution centers to capture demand, strengthening its corporate structure through operational reorganizations, etc., and expanding the scope of its activities.

Furthermore, JFE Shoji Trade will promote global/regional strategies and strengthen operations under a four-region structure (Japan, Americas, China and ASEAN), centering on Japan. Under the sixth medium-term business plan, JFE Shoji Trade will target consolidated ordinary income of 35 billion yen per year (as an average over the period).

Furthermore, the Company will also implement the necessary measures as it focuses on initiatives to improve earnings at Japan Marine United Corporation, an equity method affiliate.

To steadily and reliably carry out the management tasks of the JFE Group, JFE Holdings strives for efficient operation while reinforcing its function as the key entity for group management and sound corporate governance, both of which serve shareholders' interests.

The Company believes that shareholder returns are one of the most critical management objectives, and will increase the dividend payout ratio from "around 25-30%" to "around 30%."

Performance and Profitability Targets and Dividend Policy for Sixth Medium-term Business Plan

		6th medium-term plan targets
The Company (consolidated)	Consolidated ordinary income	280 billion yen / year
	Profit attributable to owners of the parent	200 billion yen / year
	Debt/EBITDA ratio	Around 3x
Ordinary income by operating company	Steel business	220 billion yen / year
	Engineering business	30 billion yen / year
	Trading business	35 billion yen / year

	6th medium-term plan
Dividend Policy (dividend payout ratio)	Around 30%

The JFE Group is determined to continue its group-wide efforts for adherence to thorough compliance, a further commitment to environmental issues and enhanced safety, all of which help strengthen our relationships with society, to promote the sustainable development of the Group and maximize corporate value for every stakeholder including shareholders.

We appreciate the continued understanding, support and encouragement of our shareholders.

(Translation for reference only)

(2) Production, order received and sales

The production, order received and sales of JFE Holdings, Inc. and its consolidated subsidiaries during the 16th term were as follows;

1) Production (Thousand tons)

Business	15th term FY2016	16th term FY2017	Change (%)
Steel business (crude steel output)	30,411	30,060	(1.2)

2) Order received (Millions of yen)

Business	15th term FY2016	16th term FY2017	Change (%)
Engineering business	424,498	495,561	16.7

3) Sales (Millions of yen)

Business	15th term FY2016	16th term FY2017	Change (%)
Steel business	2,349,129	2,715,474	15.6
Engineering business	426,136	391,348	(8.2)
Trading business	1,671,032	1,907,904	14.2
Eliminations or corporate	(1,137,305)	(1,336,114)	—
Total	3,308,992	3,678,612	11.2

(3) Capital expenditure

Total amount of capital expenditure of JFE Holdings, Inc. and its consolidated subsidiaries during the 16th term was 257.2 billion yen and the major expenditure was as follows:

1) Major facility completed during the 16th term

Steel Business

JFE Steel Corporation

Not applicable

2) Major ongoing facility during the 16th term

Steel Business

JFE Steel Corporation

East Japan Works (Chiba)

East Japan Works (Keihin)

West Japan Works (Kurashiki)

West Japan Works (Fukuyama)

West Japan Works (Fukuyama)

West Japan Works (Fukuyama)

Corporate

Renovation of No. 6 Coke oven (Battery B)
Renovation of the Ohgishima thermal power plant's No. 1 power generator

Construction of continuous-casting machine

Construction of No. 3 sintering machine

Construction of Ferro coke pilot plant

Renovation of No. 3 Coke oven (Battery A and B)

Renewal of steelworks systems
(Phase 1 and 2)

(4) Fund procurement

JFE Holdings, Inc. and its consolidated subsidiaries raised necessary funds through long-term loans and issuance of straight bonds. The total amount is 398.4 billion yen. The balance of loan payable and corporate bonds decreased by 44.5 billion yen year on year to 1,330.9 billion yen.

(Translation for reference only)

(5) Assets and operating results

1) Consolidated assets and operating results of JFE Holdings, Inc. (Millions of yen)

Item	13th term FY2014	14th term FY2015	15th term FY2016	16th term FY2017
Net sales	3,850,355	3,431,740	3,308,992	3,678,612
Operating income	222,599	90,638	96,746	246,669
Ordinary income	231,001	64,239	84,735	216,339
Profit attributable to owners of parent	139,357	33,657	67,939	144,638
Profit per share (yen)	241.60	58.36	117.81	250.86
Net assets	1,990,023	1,857,921	1,921,809	2,006,563
Total assets	4,639,412	4,234,884	4,336,069	4,460,903

Note:

JFE Holdings has begun applying the Revised Accounting Standard for Business Combinations (Accounting Standards Board of Japan [ASBJ] Statement No. 21 of September 13, 2013), etc. Effective from the 14th term, the presentation method of “net income” has been revised to “profit attributable to owners of parent.”

2) Assets and operating results of JFE Holdings, Inc. (Millions of yen)

Item	13th term FY2014	14th term FY2015	15th term FY2016	16th term FY2017
Operating revenue	40,737	49,663	23,681	34,572
Operating income	25,831	36,440	8,585	18,010
Ordinary income	25,831	36,440	8,585	18,010
Profit	25,510	35,993	8,392	(42,180)
Profit per share (yen)	44.20	62.38	14.55	(73.14)
Net assets	1,054,582	1,055,382	1,058,157	981,063
Total assets	2,591,908	2,492,952	2,523,462	2,366,306

(6) Major lines of business (As of March 31, 2018)

1) JFE Holdings, Inc.

Control and administration of operating companies engaged in the steel, engineering, trading and other businesses by holding shares thereof.

2) Steel business (JFE Steel Corporation and its affiliated companies)

Manufacture and sales of various steel products, steel processed products, raw materials, etc., as well as transportation business and peripheral businesses such as the equipment maintenance and equipment work businesses.

(Major products and services)

Steel products and semi-finished products (hot-rolled steel sheets, cold-rolled steel sheets, surface-treated steel sheets, steel plates, steel shapes, H-shapes, sheet piles, rails, seamless steel pipes, forge welded steel pipes, electric resistance welded steel pipes, rectangular steel pipes, arc-welded steel pipes, electrical steel sheets, stainless sheets, steel bars, wire rods, iron powder, slabs); titanium products; steel processed products; chemical products; formed and fabricated products; various containers; mining and mineral products; iron and steel slag products; functional materials; ferroalloy; various refractories; furnace construction works; various transportation and warehousing; civil engineering and construction works; equipment management and construction works; electric works; telecommunications works; thermal power generation; gas; temporary construction materials; real estate; insurance agency business; various service businesses; various computer systems; material analysis; environmental research; technical information surveys; support for intellectual properties, etc.

3) Engineering business (JFE Engineering Corporation and its affiliated companies)

(Translation for reference only)

Engineering business regarding energy, urban environment, steel structures, industrial machineries, recycling business and electricity retailing business

(Major products and services)

Gas, oil, and water pipelines; various tanks such as LNG/LPG; solar, geothermal, biomass and other renewable energy generation systems; municipal waste incinerator; water treatment systems; recycling services for waste plastics, etc.; bridges, port and harbor structures; industrial machineries such as logistic systems, engines, shield tunneling machine and ballast water treatment system; pig iron making, steelmaking and mini-mill related plants; quick chargers for electric vehicles; agricultural production facilities

4) Trading business (JFE Shoji Trade Corporation and its affiliated companies)

Purchasing, processing and sales of steel products, raw materials for ironmaking/steelmaking, non-ferrous metal products, foods, etc.

(Major products and services)

Steel products (steel plates, checkered steel plates, hot-rolled steel sheets, cold-rolled steel sheets, electrical steel sheets, surface-treated steel sheets, galvanized steel sheets, tin plates, steel pipes, specialty steel pipes, steel bars, H-shapes, lightweight shaped steel plates, regular shaped steel plates, columns, wire rods, stainless steels, specialty steels, slabs); flux; iron powder; steel processed products; raw materials, other materials and equipment for ironmaking/steelmaking; non-ferrous metal products; chemical products; petroleum products; paper products; vessels; civil engineering and construction works; the Terre Armeé method; canned products; agricultural and livestock products; marine products; semiconductor products; real estate and so forth.

(7) Major sales offices, works and overseas offices (As of March 31, 2018)

1) JFE Holdings, Inc.

Head office	Head office (Chiyoda, Tokyo)
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2) Steel business (JFE Steel Corporation)

Head office	Head office (Chiyoda, Tokyo)
Domestic sales offices	Osaka, Nagoya, Hokkaido (Sapporo), Tohoku (Sendai), Niigata, Hokuriku (Toyama), Chugoku (Hiroshima), Shikoku (Takamatsu), Kyusyu (Fukuoka), Chiba, Kanagawa (Yokohama), Shizuoka, Okayama and Okinawa (Naha)
Steel works	Sendai Works, East Japan Works (Chiba and Kawasaki), West Japan Works (Kurashiki and Fukuyama) and Chita Works (Handa)
Research laboratories	Steel Research Laboratories (Chiba, Kawasaki, Handa, Kurashiki and Fukuyama)
Overseas offices	New York, Houston, Brisbane, Brazil, London, Dubai, New Delhi, Mumbai, Singapore, Bangkok, Vietnam, Jakarta, Manila, Seoul, Beijing, Shanghai and Guangzhou

3) Engineering business (JFE Engineering Corporation)

Head offices	Tokyo head office (Chiyoda, Tokyo) and Yokohama head office
Domestic sales offices	Hokkaido (Sapporo), Doto (Kushiro), Tomakomai, Tohoku (Sendai), Aomori (Hachinohe), Akita, Fukko Saisei (Fukushima), Chiba, Yokohama, Kawasaki, Niigata, Toyama, Shizuoka, Nagoya, Handa, Osaka, Wakayama, Kobe, Shikoku (Takamatsu), Chugoku (Hiroshima), Fukuyama, Kurashiki, Yamaguchi (Hofu), Kyusyu (Fukuoka), Kumamoto, Minamikyushu (Kagoshima) and Okinawa (Naha)
Production bases	Tsurumi Engineering and Manufacturing Center (Yokohama) and Tsu Works

(Translation for reference only)

Research laboratory Overseas offices	Technical Research Center (Yokohama) Beijing, Manila, Hanoi, Ho Chi Minh, Bangkok, Singapore, Malaysia, Indonesia, Yangon, India, Saudi Arabia, Duisburg, Italy, U.S.A.
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4) Trading business (JFE Shoji Trade Corporation)

Head office Domestic sales offices	Head office (Osaka) and Tokyo head office (Chiyoda, Tokyo) Nagoya, Hokkaido (Sapporo), Tohoku (Sendai), Niigata, Shizuoka, Hokuriku (Toyama), Okayama, Hiroshima, Shikoku (Takamatsu), Kyusyu (Fukuoka), Chibaminami (Chiba), Keihin (Kawasaki), Hamamatsu, Chita (Handa), Okayama (Kurashiki), Kurashiki, Fukuyama, Kagoshima and Naha
Overseas offices	Taipei, Singapore, Dusseldorf, Dubai, Kaohsing, Istanbul, U.S.A., Brazil, Hong Kong, Australia, South Korea, Beijing, Shanghai, Guangzhou, Thailand, Indonesia, Philippines, Malaysia, India and Vietnam

Note:

Overseas offices include overseas subsidiaries.

Major affiliated companies and their head office locations are listed in (9) Significant subsidiaries and affiliates (pages 40 through 44).

(8) Employees (As of March 31, 2018)

Numbers of employees of JFE Holdings, Inc., operating companies and its consolidated subsidiaries are as follows.

1) Employees of JFE Holdings, Inc. and its consolidated subsidiaries

	Number of employees
JFE Holdings, Inc.	40
Steel business (JFE Steel Corporation and its consolidated subsidiaries)	44,554
Engineering business (JFE Engineering Corporation and its consolidated subsidiaries)	9,307
Trading business (JFE Shoji Trade Corporation and its consolidated subsidiaries)	7,333
Total	61,234

2) Employees of JFE Holdings, Inc. and operating companies (JFE Steel Corporation, JFE Engineering Corporation and JFE Shoji Trade Corporation)

	Number of employees	Year-on-year increase	Average age (years old)	Average years of service
JFE Holdings, Inc.	40	(No change)	44.5	22.4
JFE Steel Corporation	15,578	(Increase by 598)	38.9	16.5
JFE Engineering Corporation	3,752	(Decrease by 89)	43.9	13.6
JFE Shoji Trade Corporation	955	(Decrease by 6)	37.7	12.1

Note:

For those dispatched from operating companies to JFE Holdings, Inc., the aggregated years of service for the respective companies are adapted to the calculation of the Average years of service.

(Translation for reference only)

(9) Significant subsidiaries and affiliates (As of March 31, 2018)

1) Significant subsidiaries (*Stocks indirectly held by subsidiary companies are included.)

Name	Head office location	Description of business	Capital (Millions of yen)	Voting rights ratio (%)
[Steel business]				
JFE Steel Corporation	Chiyoda, Tokyo	Manufacture and sales of steel products	239,644	100.0
JFE Bars & Shapes Corporation	Minato, Tokyo	Manufacture and sales of steel shapes and reinforcing steel bars	30,000	*100.0
JFE Chemical Corporation	Taito, Tokyo	Manufacture and sales of chemical products	6,000	*100.0
JFE Metal Products & Engineering Inc.	Minato, Tokyo	Manufacture, processing and sales of secondary steel products	5,000	*97.4
JFE Galvanizing & Coating Co., Ltd	Shinagawa, Tokyo	Manufacture, processing and sales of secondary steel products	5,000	*100.0
Gecoss Corporation	Chuo, Tokyo	Rental and sales of temporary construction materials	4,397	*62.0
JFE Logistics Corporation	Chiyoda, Tokyo	Various transportation and warehousing businesses	4,000	*89.1
JFE Container Co., Ltd.	Chiyoda, Tokyo	Manufacture and sales of various containers	2,365	*59.6
JFE Civil Engineering & Construction Corp.	Taito, Tokyo	Contracting for civil engineering and construction works	2,300	*100.0
JFE Mineral Company, Ltd.	Minato, Tokyo	Mining and manufacture, processing and sales of mineral products, and manufacture and sales of iron and steel slag and functional materials	2,000	*100.0
JFE Life Corporation	Taito, Tokyo	Real estate, insurance agency and various service businesses	2,000	*100.0
JFE Plant Engineering Co., Ltd.	Taito, Tokyo	Manufacture and sales of machinery and equipment, contracting for electric works, telecommunications works, and equipment management and construction works	1,700	*100.0
JFE Systems, Inc.	Minato, Tokyo	Development and sales of various computer systems	1,390	*67.7
Mizushima Ferroalloy Co., Ltd.	Kurashiki, Okayama	Manufacture and sales of ferroalloy	1,257	*100.0
JFE Pipe Fitting Mfg. Co., Ltd.	Kishiwada, Osaka	Manufacture and sales of steel pipe joints	958	*86.6
JFE Kozai Corporation	Chuo, Tokyo	Shearing and fusing of steel plates/sheets, and sales of steel materials	488	*100.0
JFE Welded Pipe Manufacturing Co., Ltd.	Chuo, Tokyo	Manufacture and sales of electric resistance welded steel pipes	450	*100.0
JFE Material Co., Ltd.	Imizu, Toyama	Manufacture and sales of ferroalloy	450	*100.0

(Translation for reference only)

Name	Head office location	Description of business	Capital (Millions of yen)	Voting rights ratio (%)
JFE Precision Co.	Niigata	Manufacture and sales of formed and fabricated materials	450	*100.0
River Steel Co., Ltd.	Yokohama	Processing and sales of steel products, and contracting for civil engineering and construction works	450	*100.0
JFE Techno-Research Corporation	Chiyoda, Tokyo	Material analysis, environmental research, technical information surveys and support for intellectual properties	100	*100.0
JFE East Japan GS Co., Ltd	Kawasaki	Various service businesses	50	*100.0
JFE Steel Australia Resources Pty Ltd.	Brisbane, Australia	Investments in coal mines and the iron ore mining business in Australia	AUD 460 mil	*100.0
Philippine Sinter Corporation	Manila, Philippine	Manufacture and sales of sintered ore	PHP 1,809 mil	*100.0
PT. JFE Steel Galvanizing Indonesia	Bekasi, Indonesia	Manufacture and sales of cold-rolled and hot-dip zinc galvanized steel products	IDR 1,349 bil	*100.0
JFE Steel Galvanizing (Thailand) Ltd.	Rayong, Thailand	Manufacture and sales of hot-dip galvanized steel products	THB 4,362 mil	*100.0
Thai Coated Steel Sheet Co., Ltd.	Bangkok, Thailand	Manufacture and sales of electrogalvanized steel products	THB 2,206 mil	*81.4
Nova Era Silicon S/A	Belo Horizonte, Brazil	Manufacture and sales of ferroalloy	BRL 115 mil	*100.0
[Engineering business]				
JFE Engineering Corporation	Chiyoda, Tokyo	Engineering business	10,000	100.0
JFE Kankyo Corporation	Yokohama	Total recycling business	650	*100.0
Asuka Soken Co., Ltd.	Shinagawa, Tokyo	Gas pipe burying work; construction of gas facilities	356	*57.2
JFE TECHNOS CORPORATION	Yokohama	Maintenance of machinery and equipment	301	*100.0
JFE Environmental Service Corporation	Yokohama	Operation and maintenance of waste disposal facilities, water treatment facilities, etc.	97	*100.0
Standardkessel Baumgarte Holding GmbH	Duisburg, Germany	Construction and maintenance of waste-to-energy plants, biomass power plants and waste heat recovery power plants	EUR 1,300 thou	*100.0

(Translation for reference only)

Name	Head office location	Description of business	Capital (Millions of yen)	Voting rights ratio (%)
[Trading business]				
JFE Shoji Trade Corporation	Osaka	Domestic and export/import trade of steel products, raw materials for ironmaking/steelmaking, non-ferrous metal products, chemical products, petroleum products, various equipment and materials, etc.	14,539	100.0
JFE Shoji Trade Steel Construction Materials Corporation	Chiyoda, Tokyo	Sales of construction material products and equipment and materials for civil engineering/construction; metallic processing business; civil engineering/construction works; various works	1,500	*100.0
JFE Shoji Electronics Corporation	Chiyoda, Tokyo	Sales of semiconductor products; sales, installation and maintenance of equipment/devices for mounting, assembly and inspection of electronic parts	1,000	*100.0
Kawasho Foods Corporation	Chiyoda, Tokyo	Domestic and export/import trade of various food articles	1,000	*100.0
JFE Shoji Pipe & Fitting Corporation	Chiyoda, Tokyo	Sales of steel pipe and pipe material products	500	*100.0
JFE Shoji Usuitakenzai Corporation	Chiyoda, Tokyo	Sales of steel sheets and construction material products	400	*100.0
JFE Shoji Electrical Steel Co., Ltd.	Osaka	Processing and sales of electrical steel sheets	400	*100.0
JFE Shoji Kohnan Steel Center Co., Ltd.	Kobe	Processing and sales of thin steel sheets	250	*100.0
JFE Shoji Coil Center Corporation	Yokohama	Processing and sales of steel sheets	230	*85.7
K&I Tubular Corporation	Chiyoda, Tokyo	Export and sales of specialty pipes	50	*60.0
JFE Shoji Trade America Inc.	L.A., U.S.A.	Export/import and domestic trade of steel products, raw materials for ironmaking/steelmaking, various foods, etc.	USD 21 mil	*100.0
Zhejiang JFE Shoji Steel Products Co., Ltd.	Pinghu, China	Processing and sales of steel sheets	CNY 181 mil	*97.9
CENTRAL METALS (THAILAND) LTD.	Samutprakarn, Thailand	Processing and sales of thin steel sheets	THB 240 mil	*100.0
JFE SHOJI STEEL MALAYSIA SDN. BHD.	Shah Alam, Malaysia	Processing and sales of steel sheets	MYR 11 mil	*34.3

(Translation for reference only)

Name	Head office location	Description of business	Capital (Millions of yen)	Voting rights ratio (%)
JFE Shoji Trade Thailand Ltd.	Bangkok, Thailand	Export/import and domestic trade of steel products, raw materials for ironmaking/steelmaking, various equipment and materials, etc.	THB 20 mil	*100.0
JFE Shoji Trade Shanghai Co., Ltd.	Shanghai, China	Export/import and domestic trade of steel products, raw materials for ironmaking/steelmaking, non-ferrous metal products, chemical products, etc.	CNY 3 mil	*100.0
Kelly Pipe Co., LLC	Santa Fe Springs, U.S.A.	Sales of steel pipe	—	*100.0

- JFE Welded Pipe Manufacturing Co., Ltd., which were listed for the prior fiscal year, and Kawasaki Kokan Co., Ltd. merged on April 1, 2017, with JFE Welded Pipe Manufacturing as the surviving company.
- After transferring certain businesses, River Steel Co., Ltd. merged with JFE Kozai Corporation on April 2, 2018, with JFE Kozai as the surviving company.
- JFE SHOJI STEEL MALAYSIA SDN. BHD. is a subsidiary due to the fact that the Company and its subsidiary are actually controlling the company.
- Shares of JFE Electrical Steel Co., Ltd. which were listed as “Steel business” for the prior fiscal year, held by JFE Steel were assumed by JFE Shoji Trade Corporation on April 1, 2017, through an absorption-type company split and the company name was changed to JFE Shoji Electrical Steel Co., Ltd. on the same day. Accordingly, JFE Shoji Electrical Steel Co., Ltd. is listed as “Trading business.”
- The consolidated subsidiaries totaled 315, including the companies stated above, during the 16th term.

2) Significant affiliates (*Stocks indirectly held by subsidiary companies are included.)

Name	Head office location	Description of business	Capital (Millions of yen)	Voting rights ratio (%)
[Steel business]				
Japan-Brazil Niobium Corporation	Chiyoda, Tokyo	Investment in the niobium mining business in Brazil	37,272	*25.0
Setouchi Joint Thermal Power Co., Ltd.	Fukuyama, Hiroshima	Thermal power generation business	5,000	*50.0
Shinagawa Refractories Co., Ltd.	Chiyoda, Tokyo	Manufacture and sales of various refractories, and contracting for furnace construction works	3,300	*34.1
Nippon Chuzo K.K.	Kawasaki	Manufacture and sales of cast steel products, etc.	2,627	*34.0
Nippon Chutetsukan K.K.	Chuo, Tokyo	Manufacture and sales of cast-iron pipes, etc.	1,855	*29.3
NKK Tubes K. K.	Kawasaki	Manufacture and sales of seamless steel pipes	1,595	*49.0
Exa Corporation	Yokohama	Development and sales of various computer systems	1,250	*49.0

(Translation for reference only)

Name	Head office location	Description of business	Capital (Millions of yen)	Voting rights ratio (%)
Brazil Japan Iron Ore Corporation	Minato, Tokyo	Investment in the iron ore mining business in Brazil	100	*19.9
K.K. JFE Sanso Center	Fukuyama, Hiroshima	Manufacture and sales of oxygen, nitrogen and argon gases, etc.	90	*40.0
Guangzhou JFE Steel Sheet Co., Ltd.	Guangzhou, China	Manufacture and sales of cold-rolled and hot-dip zinc galvanized steel sheets	CNY 3,191 mil	*50.0
Thai Cold Rolled Steel Sheet Public Co., Ltd.	Bangkok, Thailand	Manufacture and sales of cold-rolled steel sheets	THB 4,816 mil	*36.0
California Steel Industries, Inc.	Fontana, U.S.A	Manufacture and sales of steel products	USD 40 mil	*50.0
JSW Steel Ltd.	Mumbai, India	Manufacture and sales of steel products	INR 3,020 mil	*15.0
Inner Mongolia Erdos EJM Manganese Alloys Co., Ltd.	Erdos, China	Manufacture and sales of ferroalloy	CNY 232 mil	*24.5
BOHAI NKK DRILL PIPE CO., LTD.	Cangzhou, China	Processing, manufacturing and sales of drill pipes and their accessories	CNY 129 mil	*28.3
[Engineering business]				
JP Steel Plantech Co.	Yokohama	Design, manufacture and installation of ironmaking machinery, etc.	1,995	*34.0
[Trading business]				
Hanwa Kozai Co., Ltd.	Osaka	Processing and sales of stainless products	1,076	*47.9
MOBY Corporation	Ichikawa, Chiba	Processing and sales of steel plates for containers	211	*20.0
OHMISANGYO Co., LTD.	Osaka	Processing and sales of steel sheets	100	*34.6
Osaka Kowaz Co., Ltd.	Osaka	Processing and sales of steel sheets	60	*30.7
[Other business]				
Japan Marine United Corporation	Minato, Tokyo	Design, manufacture, sales, installation, repair and maintenance of ships, naval vessels and marine structures, etc.	25,000	45.9

- JFE Steel Corporation sold all of its equity in Pancheng Yihong Pipe Co., Ltd., which were listed for the prior fiscal year, in May 2017.
- Dongkuk Steel Mill Co., Ltd., which was listed for the prior fiscal year, ceased to be an equity method affiliate, as the dispatch of officers from the Company to Dongkuk Steel Mill Co., Ltd. ended in December 2017 and significant influence is no longer recognized.
- Effective from the 16th term, OHMISANGYO Co., LTD. has been included in the category of significant affiliates.
- The equity method affiliates totaled 65, including the companies stated above, during the 16th term.

(Translation for reference only)

3) Matters regarding designated wholly owned subsidiaries (as of March 31, 2018)

Name	Address	Total book value (Millions of yen)	Total assets of the Company (Millions of yen)
JFE Steel Corporation	2-2-3 Uchisaiwaicho, Chiyoda-ku, Tokyo	721,736	2,366,306

(10) Major lenders (As of March 31, 2018)

The major lenders of JFE Holdings, Inc. and consolidated subsidiaries are as follows.

Name	Loan balance (Millions of yen)
Mizuho Bank, Ltd.	278,512
Sumitomo Mitsui Banking Corporation	150,863
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	117,377

(Translation for reference only)

2. JFE Holdings, Inc.'s Share (As of March 31, 2018)

(1) Number of shares

Total number of shares authorized to be issued	2,298,000,000
Total number of shares issued	614,438,399
(Number of shares of treasury shares included	37,751,193)

(2) Total number of shareholders 215,103

(3) Major shareholders

Name	Number of shares held (Thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	36,834	6.4
Japan Trustee Services Bank, Ltd. (trust account)	30,487	5.3
Nippon Life Insurance Company	20,821	3.6
Mizuho Bank, Ltd.	13,403	2.3
The Dai-ichi Life Insurance Company, Limited	13,127	2.3
Japan Trustee Services Bank, Ltd. (trust account 9)	10,974	1.9
Japan Trustee Services Bank, Ltd. (trust account 5)	10,206	1.8
STATE STREET BANK WEST CLIENT - TREATY 505234	10,204	1.8
Tokio Marine & Nichido Fire Insurance Co., Ltd.	9,006	1.6
Japan Trustee Services Bank, Ltd. (trust account 1)	7,575	1.3

Note:

In addition to the above, the Company retains 37,751,193 treasury shares. The treasury shares are not included in the shareholding ratio calculation.

3. Subscription Rights to Shares

Not applicable

(Translation for reference only)

4. Directors and Audit & Supervisory Board Members

(1) Directors and Audit & Supervisory Board Members (As of March 31, 2018)

Position	Name	Significant concurrent post
Representative Director, President and CEO	Eiji Hayashida	Chairman of the Board of Directors, JFE 21st Century Foundation (Public Interest Incorporated Foundation)
Representative Director	Koji Kakigi	Representative Director, President and CEO, JFE Steel Corporation
Representative Director	Shinichi Okada	Director, JFE Steel Corporation Representative Director, JFE 21st Century Foundation (Public Interest Incorporated Foundation)
Director	Naosuke Oda	Representative Director, President and CEO, JFE Shoji Trade Corporation
Director	Hajime Oshita	Representative Director, President and CEO, JFE Engineering Corporation
Director	Masafumi Maeda	Professor, Institute of Industrial Science, the University of Tokyo Head of Production Engineering Laboratory, Nidec Corporation (Part-time)
Director	Masao Yoshida	Senior Advisor, Furukawa Electric Co., Ltd. Outside Director, FURUKAWA CO., LTD. External Director, Tokyo Century Corporation
Director Audit & Supervisory Board Member (Full-time)	Masami Yamamoto Shotaro Tsumura	Chairman and Director, Fujitsu Limited Audit & Supervisory Board Member, JFE Engineering Corporation Audit & Supervisory Board Member, JFE Shoji Trade Corporation
Audit & Supervisory Board Member (Full-time)	Nobuya Hara	Audit & Supervisory Board Member, JFE Steel Corporation
Audit & Supervisory Board Member	Hiroyuki Itami	President, International University of Japan Outside Audit & Supervisory Board Member, Mitsui O.S.K. Lines, Ltd.
Audit & Supervisory Board Member	Shigeo Ohyagi	Chairman of the Board, Teijin Limited Outside Director, Recruit Holdings Co., Ltd.
Audit & Supervisory Board Member	Isao Saiki	Partner Lawyer of Abe, Ikubo & Katayama Law Firm

Notes:

1. Masafumi Maeda, Director of JFE Holdings, Inc., retired as Professor, Institute of Industrial Science, the University of Tokyo as of March 31, 2018, then became Vice President of Kyoto Gakuen University as of April 1, 2018.
2. Masao Yoshida, Director of JFE Holdings, Inc. retired as Director of Furukawa Electric Co., Ltd. and became Senior Advisor of Furukawa Electric Co., Ltd. as of June 22, 2017. Then he became External Director of Tokyo Century Corporation as of June 23, 2017.
3. Masami Yamamoto, Director of JFE Holdings, Inc. retired as Chairman and Representative Director of Fujitsu Limited and became Chairman and Director of Fujitsu Limited as of June 26, 2017.
4. Masafumi Maeda, Masao Yoshida and Masami Yamamoto serve as Outside Directors of JFE Holdings, Inc.

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5. Audit & Supervisory Board Member retired during the 16th term is as follows.

Position	Name	Retirement date
Audit & Supervisory Board Member (Full-time)	Yasushi Kurokawa	June 23, 2017

6. Hiroyuki Itami, Audit & Supervisory Board Member of JFE Holdings, Inc., became President, International University of Japan as of September 1, 2017.
7. Shigeo Ohyagi, Audit & Supervisory Board Member of JFE Holdings, Inc., retired as Chairman of the Board of Teijin Limited and became Senior Advisor and Member of the Board of Teijin Limited as of April 1, 2018.
8. Nobuya Hara, Audit & Supervisory Board Member of JFE Holdings, Inc., has extensive knowledge of and insight into finance and accounting, which he accumulated through work in corporate planning, accounting and finance at JFE Steel Corporation, and through accounting work at the Company.
Hiroyuki Itami, Audit & Supervisory Board Member of JFE Holdings, Inc., has been engaged in extensive research on overall corporate management, including business strategy, and has extensive knowledge of and insight into finance and accounting based on his expertise.
9. Hiroyuki Itami, Shigeo Ohyagi and Isao Saiki serve as Outside Audit & Supervisory Board Members of JFE Holdings, Inc.
10. Directors Masafumi Maeda, Masao Yoshida and Masami Yamamoto and Audit & Supervisory Board Members Hiroyuki Itami, Shigeo Ohyagi and Isao Saiki satisfy the requirements of Independent Director/Audit & Supervisory Board Member as stipulated in the regulations of Tokyo Stock Exchange, Inc., etc., and the “Standards for Independence of Outside Directors/Audit & Supervisory Board Members” stipulated by the Company. The Company designated these six persons as independent Director/Audit & Supervisory Board Member as stipulated under the regulations of Tokyo Stock Exchange, Inc., etc., and registered them as such with the Tokyo Stock Exchange, etc.

11. Corporate Officers as of March 31, 2018, are as follows.

Position	Name	Responsibility(ies)
President	Eiji Hayashida	Chief Executive Officer (CEO)
Executive Vice President	Shinichi Okada	Chief Financial Officer (CFO)
Senior Vice President	Masashi Terahata	Supervision of General Administration Dept., Investor Relations Dept., and Finance Dept. In charge of Corporate Planning Dept.
Vice President	Tetsuo Oki	In charge of General Administration Dept. In charge of Investor Relations Dept., and Finance Dept.

12. Position and responsibilities of Corporate Officers as of April 1, 2018 have changed as follows.

Position	Name	Responsibility(ies)
President	Eiji Hayashida	Chief Executive Officer (CEO)
Executive Vice President	Shinichi Okada	Chief Financial Officer (CFO)
Vice President	Hiroyuki Fujiwara	Supervision of General Administration Dept., Corporate Planning Dept., Investor Relations Dept., and Finance Dept. In charge of General Administration Dept. and Corporate Planning Dept.
Vice President	Toshihiro Tanaka	In charge of Investor Relations Dept., and Finance Dept.

(Translation for reference only)

(2) Outline of the contracts for limitation of liability

JFE Holdings, Inc. has entered into agreements, in accordance with the provision of Article 427, Paragraph 1, of the Companies Act, with all the Outside Directors and Audit & Supervisory Board Members of the Company to limit their liability to compensate damages under Article 423, Paragraph 1, of the Companies Act. The limitation on indemnity liability of each Outside Director and Audit & Supervisory Board Member to compensate damages under such agreements is set out to the amount set forth in the relevant laws and regulations.

(3) Remuneration for Director and Audit & Supervisory Board Member during the 16th term

	Staff size	Amount (thousands of yen)
Director	8	323,660
Audit & Supervisory Board Member	6	100,392

Notes:

1. The above includes one Audit & Supervisory Board Member retired during the 16th term.
2. The total amount of remuneration paid to six Outside Directors/Audit & Supervisory Board Members is 67,697 thousand yen.
3. The amount of remuneration includes 47,840 thousand yen as the total amount of Directors' bonuses based on "Payment of Directors' bonuses," a proposal that the Company intends to submit at the 16th Ordinary General Meeting of Shareholders to be held on June 21, 2018.

(4) Outside Directors/Audit & Supervisory Board Members

- 1) Significant entities where Outside Directors/Audit & Supervisory Board Members concurrently hold positions are listed on page 47.

There is no special relationship between those entities and JFE Holdings, Inc.

- 2) Activities during the 16th term

- Masafumi Maeda, Director
Masafumi Maeda attended all of the 13 meetings of the Board of Directors. Having remarkable knowledge in metallic materials as well as experience in university management, he spoke appropriately at the meetings.
- Masao Yoshida, Director
Masao Yoshida attended 12 of the 13 meetings of the Board of Directors. Having a wealth of experience in the management of the manufacturing business based on a broad range of material technologies and a broad knowledge in corporate management in a global setting, he spoke appropriately at the meetings.
- Masami Yamamoto, Director
Masami Yamamoto attended 9 of the 10 meetings of the Board of Directors held since his appointment on June 23, 2017. Having a wealth of knowledge related to ICT and a broad knowledge in corporate management in a global setting, he spoke appropriately at the meetings.
- Hiroyuki Itami, Audit & Supervisory Board Member
Hiroyuki Itami attended all of the 13 meetings of the Board of Directors and 18 of the 19 meetings of the Audit & Supervisory Board. Having profound knowledge in management and business strategy as well as a wealth of knowledge in industrial fields through research on technology management, he spoke appropriately at the meetings.
- Shigeo Ohyagi, Audit & Supervisory Board Member
Shigeo Ohyagi attended 12 of the 13 meetings of the Board of Directors and attended all of the 19 meetings of the Audit & Supervisory Board. Having a wealth of experience in a variety of businesses and corporate management in a global setting, as well as experience in having addressed the reinforcement of corporate governance, he

(Translation for reference only)

spoke appropriately at the meetings.

- **Isao Saiki, Audit & Supervisory Board Member**
Isao Saiki attended all of the 10 meetings of the Board of Directors and all of the 13 meetings of the Audit & Supervisory Board held since his appointment on June 23, 2017. Having a wealth of experience and impressive knowledge in corporate legal affairs and other matters as a lawyer, he spoke appropriately at the meetings.

(Translation for reference only)

5. Accounting Auditor

- (1) Designation of Accounting Auditor: Ernst & Young ShinNihon LLC
- (2) Amount of remuneration for the Accounting Auditor pertaining to the 16th term
 - 1) Amount of remuneration paid by JFE Holdings, Inc. to the Accounting Auditor pertaining to the 16th term: 10,180 thousand yen
 - 2) Total amount of money and other financial profits paid by JFE Holdings, Inc. and its subsidiaries to the Accounting Auditor: 583,605 thousand yen
 - 3) Amount of payments described in 2) above, which fall under the business set forth in Article 2, Paragraph 1, of the Certified Public Accountants Act: 518,069 thousand yen

Notes:

1. Of the significant subsidiaries of JFE Holdings, Inc., the overseas subsidiaries are subject to audits of accounts by a certified public accountant or incorporated accounting firm other than the Accounting Auditor of JFE Holdings, Inc.
 2. The audit agreement between the Accounting Auditor and JFE Holdings, Inc. does not separately stipulate audit remunerations based on the Companies Act or the Financial Instruments and Exchange Act, and such a distinction is for all intents and purposes impossible to execute. Hence, the remuneration in 1) above contains these two types of payment.
 3. The Audit & Supervisory Board examined the appropriateness of the audit performance for the prior fiscal year, the content of the audit plan for the 16th term and the adequacy of the amount of remuneration for the Accounting Auditor, and, as a result, agreed upon the amount of remuneration to be paid to the Accounting Auditor.
- (3) Non-audit work
The Company pays the Accounting Auditor for non-audit work related to the International Financial Reporting Standards (IFRS), which is outside the scope of work (non-audit duties) stipulated under Article 2, Paragraph 1, of the Certified Public Accountants Act.
 - (4) Policy on decisions of dismissal or non-reappointment of the Accounting Auditor
At JFE Holdings, Inc., the Audit & Supervisory Board shall, upon consent of all the Audit & Supervisory Board Members, dismiss the Accounting Auditor after reviewing a case if it determines a circumstance falling under any of the items set forth in Article 340, Paragraph 1, of the Companies Act, to have occurred. In case any similar circumstance occurs, or if the Audit & Supervisory Board judges it necessary to do so, a proposal for the dismissal or non-reappointment of the Accounting Auditor shall be submitted to a General Meeting of Shareholders.

(Translation for reference only)

6. Systems to Ensure the Propriety of Business Operations and the Status of Operation of Such Systems

- (1) Substance of the resolution regarding the systems to ensure the propriety of business operations
Regarding the above systems, the Company, by resolution at a meeting of its Board of Directors, resolved the following “Basic Policies to Establish the Internal Control Systems.”

Basic Policies to Establish the Internal Control Systems

JFE Holdings, Inc. shall establish its internal control systems as described below to comply with laws, regulations and the Articles of Incorporation and maximize its corporate value toward the realization of the Corporate Vision—“The JFE Group—contributing to society with the world’s most innovative technology”—and the goal of establishing a highly sustainable business structure. JFE Holdings, Inc. shall endeavor to review and improve the basic policies and the internal control systems established in accordance therewith on an ongoing basis.

1. Systems Set Forth in Article 362, Paragraph 4, Item 6, of the Companies Act and in the Respective Items of Article 100, Paragraph 1, of the Ordinance for Enforcement of the Companies Act
 - (1) Systems to ensure compliance of the execution of duties by Directors and employees with laws, regulations and the Articles of Incorporation
 - (a) The authority of Directors, Corporate Officers and employees shall be clarified in the in-house rules for authority and responsibilities and other internal policy guidelines. Their respective duties shall be executed in compliance with the relevant rules and regulations.
 - (b) A Compliance Council shall be established. It shall deliberate and make decisions on the basic policies and important matters regarding the compliance of ethics, laws and regulations. The Compliance Council shall also supervise the progress of the measures implemented.
 - (c) A “Corporate Ethics Hotline” to help ensure that important information regarding the compliance of ethics, laws and regulations is directly communicated from the front lines to top management shall be provided, streamlined and appropriately operated.
 - (d) The internal auditing department shall audit the compliance conditions of the relevant laws, regulations and the Articles of Incorporation.
 - (2) Systems to ensure the efficient execution of Directors’ duties
 - (a) The Directors shall encourage in-depth deliberations at the meetings of the Board of Directors, the JFE Group Management Strategy Committee, and the Management Committee. The Directors shall also sufficiently deliberate before drawing conclusions at appropriate organizational bodies, as required.
 - (b) The internal auditing department shall audit the effectiveness and efficiency of the business.
 - (3) Systems to keep and manage information pertaining to the execution of duties by Directors
 - (a) The minutes of the Board of Directors meetings shall be prepared with regard to information on matters to be resolved by and reported to the Board of Directors, in accordance with the relevant laws and regulations. The board minutes shall be appropriately kept and managed.
 - (b) Information regarding organizational bodies, such as the JFE Group Management Strategy Committee and the Management Committee, that addresses important management matters shall be appropriately recorded, stored and managed.
 - (c) Important corporate documents, such as kessaisho (documents for approval), which are related to the execution of Directors’ duties, shall be appropriately recorded, stored and managed.
 - (4) Rules and other systems regarding loss risk management

(Translation for reference only)

- (a) As for risk management of risks involving business activities, compliance with ethics, laws and regulations, financial reporting and information disclosure, the Corporate Officers in charge shall endeavor to recognize their respective risks. The appropriate organizational bodies shall check, identify and evaluate the risk factors, as required, and deliberate and make decisions on how to cope therewith.
 - (b) Important management matters shall be deliberated and decided in accordance with the decision-making procedures set forth in the Rules of the Board of Directors, etc.
- (5) Systems to ensure the propriety of business operations conducted by the corporate group
- (a) The respective Group companies of the JFE Group shall streamline their in-house systems with regard to the matters specified in the basic policies, as required, by taking into account their corporate size, business lines, organizational design of the in-house body, and corporate individuality and characteristics.
 - (b) JFE Holdings, Inc. shall determine its decision-making procedures, etc., for important group management matters, as well as important matters (including matters with regard to loss risk management.) of the operating companies (significant subsidiaries being operating companies of which JFE Holdings, Inc., directly holds shares thereof) and their affiliated Group companies in accordance with the regulations of the Board of Directors, etc., then deliberate and make decisions on such matters at the appropriate organizational bodies or receive reports therefrom. Each operating company shall determine its decision-making procedures, etc., for important matters for itself and its affiliated Group companies in accordance with its regulations of the Board of Directors, etc., then deliberate and make decisions on such matters at the appropriate organizational bodies or receive reports therefrom.
 - (c) JFE Holdings, Inc. shall establish the JFE Group Compliance Council to deliberate and make decisions related to the Group's basic policy and important matters in regard to compliance with the code of ethics and laws and regulations, and supervise the status of the implementation of related measures. And, in order to promote its group management that is compliant with the code of ethics and laws and regulations, JFE Holdings, Inc. shall closely coordinate with the Compliance Councils of operating companies.
Each operating company shall establish a Compliance Council to deliberate and make decisions related to the basic policy and important matters in regard to compliance with the code of ethics and laws and regulations for itself and its affiliated Group companies, and supervise the status of the implementation of related measures. JFE Holdings, Inc. shall streamline and appropriately operate the Corporate Ethics Hotline as a system to help ensure that important information of the entire Group regarding the compliance with the code of ethics, laws and regulations is directly communicated from the front lines to top management.
 - (d) The internal auditing department of JFE Holdings, Inc. shall audit the effectiveness and efficiency of the business and the compliance status with regard to the relevant laws, regulations and the Articles of Incorporation at the operating companies, or receive reports from the respective internal auditing departments of such operating companies. The internal auditing department of each operating company shall audit the effectiveness and efficiency of the business and the compliance status with regard to the relevant laws, regulations and the Articles of Incorporation at its affiliated Group companies, or receive reports from the respective internal auditing departments of such Group companies.
 - (e) The respective Group companies of the JFE Group shall streamline their required systems, which are necessary to ensure the reliability of their financial reporting, and disclose appropriate information at appropriate times.
2. Systems Set Forth in the Respective Items of Article 100, Paragraph 3, of the Ordinance for Enforcement of the Companies Act
- (1) Matter regarding employees as assistants to support Audit & Supervisory Board Member's duties

(Translation for reference only)

Employees who support any Audit & Supervisory Board Member in conducting his/her duties shall be staff of the Audit & Supervisory Board Member's Secretariat.

- (2) Matter regarding the independence of employees as assistant to support Audit & Supervisory Board Member's duties from Directors
The personnel affairs of the employees who serve as assistants to the Audit & Supervisory Board Members shall be consulted with the Audit & Supervisory Board Members.
- (3) System for ensuring the effectiveness of the instructions given to employees as assistants to support Audit & Supervisory Board Member's duties
The employees who serve as assistants to the Audit & Supervisory Board Members shall perform their operations of supporting an Audit & Supervisory Board Member's duties under the supervision of said Audit & Supervisory Board Member.
- (4) System for reporting to the Audit & Supervisory Board Members
 - (a) The Audit & Supervisory Board Members shall attend the meetings of the Board of Directors, the JFE Group Management Strategy Committee, the Management Committee and other important meetings and receive reports thereat.
 - (b) The Directors, Corporate Officers and employees shall report the execution of their duties (including important matters regarding the operating companies and their affiliated Group companies) to the Audit & Supervisory Board and/or any Audit & Supervisory Board Member as required or if so requested by the Audit & Supervisory Board or any Audit & Supervisory Board Member. The Directors, Corporate Officers and employees of the operating companies or their affiliated Group companies shall report the execution of their duties to the Audit & Supervisory Board and/or any Audit & Supervisory Board Member as required or if so requested by the Audit & Supervisory Board or any Audit & Supervisory Board Member.
 - (c) JFE Holdings, Inc. shall streamline the Corporate Ethics Hotline as a system that allows anyone to directly report to or consult with an Audit & Supervisory Board Member. The details of any violations that have been reported or discussed over the Corporate Ethics Hotline are handled by the department in charge thereof and shall then be reported to the Audit & Supervisory Board and/or the Audit & Supervisory Board Members, as they occur.
- (5) System to ensure that anyone who has reported to an Audit & Supervisory Board Member does not suffer detrimental treatment for the reason of having made said report
JFE Holdings, Inc. shall stipulate in the relevant regulations that anyone who has reported any violations through the Corporate Ethics Hotline and that anyone who has reported or discussed any violations with the Audit & Supervisory Board and/or the Audit & Supervisory Board Members shall not be unfavorably treated, and shall appropriately operate said regulations.
- (6) Policies with regard to expense prepayment and/or reimbursement procedures related to the execution of duties by the Audit & Supervisory Member, and the handling of any other expenses or obligations that derive from the execution of the relevant duties
JFE Holdings, Inc., shall respond to the request as soon as possible if a request is made with regard to the prepayment or reimbursement of expenses that are required for the execution of duties of Audit & Supervisory Board Members.
- (7) Other systems to ensure effective audits by the Audit & Supervisory Board Members
 - (a) The Directors, Corporate Officers and employees shall cooperate with the Audit & Supervisory Board Members in improving the auditing environment so that various Audit & Supervisory Board Members' activities can be smoothly executed, including access to important documents, site examinations, exchanges of opinion with Directors and others, examination of subsidiaries and collaboration with the Audit & Supervisory Board Members of any subsidiaries, all of which are considered necessary

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- for the audits executed by the Audit & Supervisory Board Members.
- (b) The Audit & Supervisory Board Members shall receive reports from the Accounting Auditor and the internal auditing department on their audit results (including important matters regarding the operating companies and their affiliated Group companies) in an appropriate and timely manner and maintain a close working arrangement with the Accounting Auditor and the internal auditing department.
- (2) Outline of the status of operation of the systems to ensure the propriety of business operations
The Company has been improving and operating the systems to ensure the propriety of business operations as follows in accordance with the Basic Policies to Establish the Internal Control Systems.
- 1. Systems concerning the execution of duties by Directors, etc., and the internal audit of the Company and the Group
 - (1) With regard to important matters concerning the management of the Group and important matters of the Company, its operating companies and their affiliated group companies, the Company clearly set forth the decision-making procedures in the Rules of the Board of Directors, the Rules of the JFE Group Management Strategy Committee, and the Rules of the Management Committee. In accordance with such decision-making procedures, such important matters shall be fully deliberated at the meetings of the Board of Directors, the JFE Group Management Strategy Committee, and the Management Committee and decisions shall be made and reported. Furthermore, the Company revised the operating structure of important meetings in April 2017, and accordingly, matters related to management strategy for the Group as a whole are deliberated at meetings of the JFE Group Management Strategy Committee, and individual important matters in the Company and the Group are deliberated at meetings of the Management Committee.
 - (2) The authority of Directors, Corporate Officers and employees has been clarified in the Company's in-house rules, which have been observed.
 - (3) The internal auditing department shall conduct appropriate audits on the effectiveness and efficiency of the business and the compliance conditions of the relevant laws, regulations and the Articles of Incorporation. The results of the internal audits conducted by each operating company's internal auditing department shall be reported regularly to the Company and verified.
 - 2. Systems concerning risk management and compliance of the Company and the Group
 - (1) The Company established the JFE Group CSR Council to deliberate on the JFE Group's CSR policies for its measures to address a broad range of areas including compliance, the environment, personnel and labor, safety and disaster prevention; supervise the implementation of such policies; and exchange related information. At the JFE Group Compliance Council, the JFE Group Environmental Committee and the JFE Group Internal Control Committee, all of which are operated within the JFE Group CSR Council, specific issues are discussed. The respective committees conducted the following activities during the 16th term.
 - (a) During the 16th term, the JFE Group Compliance Council held four meetings to discuss the results of a survey of JFE Holdings and operating company officers and employees concerning awareness of corporate ethics and other topics, the management of personal information, initiatives toward health management, and management of working hours, and shared information on issues in the Company and operating companies and confirmed the implementation of related measures.
 - (b) During the 16th term, the JFE Group Environmental Committee held four meetings to discuss the formulation of key performance indicators (KPIs) for important Group CSR issues, and confirm the content of information disclosure in the CSR Report and the implementation of measures by operating companies to address various environmental issues.
 - (c) During the 16th term, the JFE Group Internal Control Committee held one meeting to check and verify the evaluation concerning the effectiveness of the internal controls

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- relative to financial reporting by the Company and the Group.
- (d) In addition to the above Councils and Committees, during the 16th term, reports were made on safety initiatives at operating companies at meetings of the JFE Group CSR Council.
 - (2) The Company established the Public Disclosure Committee to ensure the lawfulness and appropriateness of the Company's public disclosure of documents as legally mandated by the Financial Instruments and Exchange Act and other laws. The Committee shall make necessary confirmations and publicly discloses such documents.
 - (3) The Company established the JFE Group Information Security Committee as a deliberative and decision-making body regarding key issues of information security. The Committee makes decisions and reports on key issues of information security, and makes proposals on joint measures relating to information security. Furthermore, reports were also made as appropriate at meetings of the JFE Group CSR Council on information related to the JFE Group Information Security Committee, and the status of activities related to "JFE-SIRT," which is responsible for promoting the formulation and implementation of information security-related measures for the Group as a whole.
 - (4) The Company shall improve the "Corporate Ethics Hotline," an internal reporting system that employees of the Company and the Group can use. This system has been operated appropriately, including compliance with the provision concerning the prohibition of detrimental treatment of anyone who has reported and/or consulted on any violations. The details of any violations that have been reported to or consulted with the department in charge of the Corporate Ethics Hotline shall be reported regularly to the full-time Audit & Supervisory Board Members. The status of operation of this system has been checked and verified by the Board of Directors.
 - (5) In light of amendments to laws and regulations related to the protection of personal information the Company revised the JFE Group Privacy Statement and the Regulation of the JFE Group on Controlling Personal Information.
3. Systems to keep and manage information
- (1) The documents for deliberation and the minutes of meetings of the Board of Directors, the JFE Group Management Strategy Committee and the Management Committee shall be appropriately prepared, kept and managed in accordance with the relevant laws and regulations as well as internal rules.
 - (2) Kessaisho (documents for approval), which are prepared in-house, and other important documents pertaining to the execution of duties shall be appropriately prepared, kept and managed in accordance with the internal rules of the Company.
4. System regarding the Audit & Supervisory Board Members
- (1) The Company shall have employees as assistants to support Audit & Supervisory Board Members' duties under the direction of the Audit & Supervisory Board Members, ensuring the independence of such employees from the Directors.
 - (2) To ensure effective audits by the Audit & Supervisory Board Members, the Audit & Supervisory Board Members shall attend the Board of Directors meetings. Full-time Audit & Supervisory Board Members shall also attend meetings of the JFE Group Management Strategy Committee, the Management Committee and the JFE Group CSR Council, etc., so that they can verify the status of execution of duties. Furthermore, the status of execution of duties at each department shall be reported to the full-time Audit & Supervisory Board Members regularly.
 - (3) To cover the costs for the execution of duties of Audit & Supervisory Board Members, the Company shall provide the related budget to compensate for the necessary expenses.
 - (4) The Company's Audit & Supervisory Board Members shall maintain a close working arrangement with both the internal auditing department and the Accounting Auditor. Specifically, the Audit & Supervisory Board Members shall receive reports regularly from the internal auditing department on its audit results and hear reports from and exchange opinions with the Accounting Auditor regularly and when necessary.

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7. Basic Policy Regarding the Control of the Company

- (1) Basic policy regarding persons who control decisions on JFE Holdings' financial and business policies

JFE Holdings, Inc. believes that a change of control is an effective means of revitalizing corporate activities and economy, and JFE Holdings, Inc. believes that when a large-scale purchase is commenced, the shareholders of JFE Holdings, Inc. should, in principle, make decisions as to whether or not the large-scale purchase is acceptable.

However, with respect to a large-scale purchase or a proposal related to a large-scale purchase, JFE Holdings, Inc. recognizes that the shareholders of JFE Holdings, Inc. need to precisely evaluate the effects of the large-scale purchase or the proposal on the corporate value of JFE Holdings, Inc. and the common interests of the shareholders. For this purpose, JFE Holdings, Inc. believes that both the large-scale purchaser and JFE Holdings, Inc.'s Board of Directors should promptly provide the shareholders with necessary and sufficient information, opinions and suggestions, and that the shareholders should be given necessary and enough time to review them.

- (2) Special initiatives that contribute to the realization of the basic policy

- Corporate vision and basic management stance

The JFE Group's basic management stance is to endeavor to increase, in good faith, the corporate value and achieve the common interests of the shareholders by committing to the corporate vision of contributing to society with the world's most innovative technology.

- Performance since the incorporation of the Group

In the first Medium-Term Business Plan (fiscal years 2003–2005) and the second Medium-Term Business Plan (fiscal years 2006–2008), which followed the corporate foundation, the Group steadily addressed building a highly profitable business structure and improving the financial base to promote future growth. As a result, the Group recorded high profitability by maximally exerting its purposes for incorporation.

In the third Medium-Term Business Plan (fiscal years 2009–2011), under the stringent business environment which includes the global financial crisis and the Great East Japan Earthquake, the Group strove to build a strong business structure and to increase medium to long-term corporate value.

In the fourth Medium-Term Business Plan (fiscal years 2012–2014), the Group worked to strengthen its business structure for sustainable growth, realigned its business portfolio by acquiring 100% ownership of its trading business, restructured its shipbuilding business and divested its semiconductor business.

During the previous medium-term plan (fiscal years 2015–2017), the JFE Group enhanced its competitiveness through measures such as strengthening its domestic profit base.

In the steel business, the Group took steps to streamline the domestic manufacturing base, including overhauling coke oven facilities, in addition to making investments in North America, the ASEAN region, and elsewhere overseas, primarily in the automotive and steel sheet and construction materials fields. In the engineering business, the Group focused on strengthening its overseas businesses and business expansion, primarily in the power generation and environmental fields. In the trading business, the Group endeavored to enhance sales capabilities by enhancing the supply chain through strengthening domestic processing sites and overseas coil centers.

- Drive for new growth strategy

This year, the JFE Group has formulated its sixth medium-term business plan, which lays out strategic guidelines for the three-year period from fiscal year 2018. Our sixth medium-term business plan strategically addresses growth areas by making maximal use of leading-edge technological capabilities, advanced IT, Group coordination and a diverse workforce. By increasing the Group's value over the medium/long term and contributing

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to sustainable societies, the JFE Group aims to achieve its corporate vision of “contributing to society with the world’s most innovative technology.” The plan’s key undertakings are outlined below.

1. Pursue growth by meeting social needs with leading-edge technologies

We will strengthen coordination within the Group and make effective use of external resources to drive innovative research and development to produce leading-edge technologies. We will also deploy data-science technologies—including AI, IoT and big data—and robotics, to greatly improve productivity and enhance our competitive edge.

We see business opportunities in areas such as the trend toward lighter vehicles and technological innovation such as EVs, and structural changes in the energy & environmental field, so we intend to respond by deploying leading-edge technologies and expanding operations-focused projects. We will also aim to provide processes for saving resources and energy, products and solutions.

2. Continue to expand domestic profit base and strengthen manufacturing capabilities

We will systematically make domestic capital investments on a level exceeding that of our previous medium-term results. Facilities will be renovated for stable production, cost reductions and enhanced competitiveness, as well as to broaden our profit base by expanding capacity and capabilities for developing and manufacturing high-grade steel. In areas of ongoing structural change, we will carefully assess customer needs to deliver highly value-added products and services when and where they are needed.

3. Advance overseas business and expand overseas profit base

We will implement activities to focus on expanding the profit base from investment projects initiated thus far. Through effective vertical specialization in conjunction with domestic business and by using our Group network (e.g., steel sheet and construction materials business in Myanmar), we will build optimal supply chains and manage projects according to local needs. In addition, we will consider and execute new project investments in priority areas and strategic regions. At present, we expect to invest around 100 billion yen in projects during the sixth medium-term business, but we are prepared to invest beyond this level if other projects offer attractive benefits.

4. Strengthen business structure for sustainable growth

In order to implement our sixth medium-term business plan, we will strengthen measures against a range of environmental, social and governance (ESG) issues to contribute to sustainable societies, a key priority.

- We will continue to reduce environmental loads by reducing CO₂ emissions in steelmaking processes, reusing water and energy resources, developing environmentally friendly products and process technologies, and providing other solutions.
- We will continue to create workplaces where our diverse workforce can demonstrate its full potential. Initiatives will include instituting workstyle and operational reforms, developing human resources and ensuring that technical skills are passed on, and promoting diversity.
- We will endeavor to enhance governance by further ensuring the effectiveness of initiatives implemented thus far, including the establishment of a nomination committee and remuneration committee, and partial revisions to the structure of the Board of Directors and Audit & Supervisory Board based on evaluations of their effectiveness and the results of those evaluations.

In addition to these ongoing activities, we will also take the following new initiatives:

- Set key performance indicators (KPIs) for CSR priorities, including customer service, environmental protection, employment health & safety and human resources development, and work to attain these goals through our operating companies.

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- Introduce a remuneration plan for Directors, etc. linked to medium/long-term financial performance
- Issue an Integrated Report to enhance communication with stakeholders

We aim to achieve a return on equity (ROE) of 10% by strengthening the domestic profit base and expanding overseas profitability, for which measures already are being implemented. We will also work to improve earnings and cash flow to achieve a financial standing equal to the level required by international credit agencies for an A-grade rating (the target is a debt/EBITDA ratio of below 3x).

Under the sixth medium-term business plan, we are targeting 280 billion yen in consolidated ordinary income and 200 billion yen in profit attributable to owners of the parent. Measures will be implemented to meet and sustain these financial goals. Our financial and profitability targets for the consolidated Group and individual operating companies have been set with respect to the specific characteristics of each business and the changing external environment. The goal is to achieve the targeted levels stably over the three-year term (average basis) rather than pointing exclusively to the plan's final year.

In the steel business, JFE Steel will promote a growth strategy through leading-edge technologies. By implementing customer-oriented sales and further cementing and expanding awareness of the JFE brand, JFE Steel aims to constantly create new value and build a global supply chain for steel that grows in step with customers.

To keep pace with technological innovations such as lighter vehicles and the shift to EVs, JFE Steel will accelerate and evolve its technology development by focusing on high-tensile steel for products and solutions targeted at the priority fields of automobiles, infrastructure materials and energy. Also, JFE Steel aims to develop environmentally friendly production technologies, such as those for the eco-responsible processing of ferro-coke and other raw materials.

Next, to increase capacity and maximize performance, new continuous casting lines, etc. will be installed, particularly in the company's core West Japan Works. Also, innovative production technologies will be developed, focusing on upstream processes, to facilitate the use of inexpensive raw materials and the like. Through these initiatives, JFE Steel aims to achieve stable annual crude steel production of 30 million tons on non-consolidated base, and additional cost reductions of around 105 billion yen over the plan's three-year term. By stabilizing production in this manner, the company intends to enhance the resilience of its production capabilities.

Regarding overseas business development, JFE Steel Group aims to continue expanding profitability with a focus on priority fields where efforts have been made to expand global production suited to the maturity of each region and market. In Asia's high-growth economies, in addition to pursuing traditional vertical specialization, JFE Steel will build integrated production operations in high-demand markets to make greater use of upstream facilities.

Under the sixth medium-term business plan, JFE Steel will target consolidated ordinary income of 220 billion yen per year (as an average over the period).

In Japan, to aim for further growth, JFE Engineering will strengthen and expand projects encompassing operations and maintenance activities, in addition to existing engineering, procurement and construction activities. Overseas, the company will lay the foundations for stable earnings with a focus on urban infrastructure, the environment and energy. In addition, JFE Engineering aims to swiftly bring to market and expand orders for new products that address customer and market needs, as represented by high-efficiency waste-to-energy plants and AI solutions, etc. Risk-management practices will be tightened to ensure that projects are executed properly and generate returns.

As an engineering company capable of contributing to the realization of a sustainable society, JFE Engineering will aim to "Create" and "Underpins" the foundations for life," and will target consolidated ordinary income of 30 billion yen per year (as an average over

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the period) under the sixth medium-term business plan.

JFE Shoji Trade will aggressively implement measures to expand its existing profit base and generate future growth, ultimately for a stable and growing profit base.

JFE Shoji Trade will fully utilize JFE Group resources and expand steel product sales volumes. It will also expand business outside of the Group to increase earnings from trading operations. In addition to maintaining its steel supply chain, the company will work to expand profitability by strengthening its processing and distribution centers to capture demand, strengthening its corporate structure through operational reorganizations, etc., and expanding the scope of its activities.

Furthermore, JFE Shoji Trade will promote global/regional strategies and strengthen operations under a four-region structure (Japan, Americas, China and ASEAN), centering on Japan. Under the sixth medium-term business plan, JFE Shoji Trade will target consolidated ordinary income of 35 billion yen per year (as an average over the period).

- Reinforcing corporate governance

Toward the goal of enhancing corporate value and achieving the common interests of the shareholders by thoroughly pursuing transparency and fairness in its management, JFE Holdings, Inc. has established and streamlined various systems and mechanisms with regard to corporate governance.

As the JFE Group's business activities consist of several business segments with different characteristics, the actual execution of the respective businesses is delegated to the group-affiliated operating companies of the Group. Meanwhile, JFE Holdings, Inc., a pure holding company, has improved the effectiveness of corporate management through the overall control of group management and has strengthened corporate governance with initiatives such as the audits by the Audit & Supervisory Board Members including Outside Audit & Supervisory Board Members, the appointment of several Outside Directors and a reduction in the term of office of the Directors. Current Outside Directors Masafumi Maeda, Masao Yoshida and Masami Yamamoto and Outside Audit & Supervisory Board Members Hiroyuki Itami, Shigeo Ohyagi and Isao Saiki satisfy the requirements of Independent Director/Audit & Supervisory Board Member as stipulated in the regulations of Tokyo Stock Exchange, Inc., etc., and the "Standards for Independence of Outside Directors/Audit & Supervisory Board Members" stipulated by the Company. The Company designated these six persons as Independent Director/Audit & Supervisory Board Member as stipulated under the regulations of Tokyo Stock Exchange, Inc., etc., and registered them as such with the Tokyo Stock Exchange, etc.

In October 2015, JFE Holdings established its "Basic Policy on Corporate Governance." This policy is designed to guide the Company and the Group to pursue and further improve the best possible corporate governance, to achieve sustainable growth, improve corporate value on a medium- to long-term basis and implement the Corporate Vision. Furthermore, to ensure the fairness, objectiveness and transparency of personnel affairs and remuneration for Directors, etc., the Company established the Nomination Committee and the Remuneration Committee as advisory bodies to the Board of Directors. The Nomination Committee and the Remuneration Committee each have a majority of Outside Directors/Audit & Supervisory Board Members, and the chairpersons are determined from among the Outside Directors/Audit & Supervisory Board Members. As for the near-term operation of business activities, JFE Holdings, Inc. is determined to increase the corporate value of JFE Holdings, Inc., and the common interests of the shareholders by thoroughly pursuing fair, objective and transparent corporate governance.

- With all the stakeholders

The JFE Group makes diverse efforts to obtain the support and cooperation of each and every stakeholder. Such proactive efforts include arranging factory visit tours at the steel works etc. to extend and deepen communications with shareholders; increasing the

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competitiveness of the Japanese manufacturing industry via technical tie-ups with customers; developing technologies that preserve the global environment; promoting the employment of workers including midcareer job seekers; maintaining sound labor-management relations and safe working conditions; and coexisting with local communities.

- (3) Initiatives to prevent decisions on financial and business policies from being controlled by non-qualified parties that are against the Group's basic policies
JFE Holdings, Inc., at the meeting of the Board of Directors held on March 1, 2007, made the decision to adopt the "Policy Toward Large-scale Purchases of JFE Shares" (the "Former Policy"), and given the approval of shareholders at the Ordinary General Meetings of Shareholders held in the same year and thereafter every two years, which is the effective term of the Former Policy, has continued to operate the Former Policy. At the Ordinary General Meeting of Shareholders held on June 23, 2017, JFE Holdings, Inc. received shareholders' approval for the continuation of the Policy with certain amendments (hereinafter, the "Policy" shall be used to refer to the policy toward large-scale purchases of JFE shares after the changes).

Specifically, the Policy requires any large-scale purchaser that has the intent to hold 20% or more in the voting rights ratio to present in advance its management policies and business plans after the completion of the intended large-scale purchase. For a certain period thereafter, JFE Holdings, Inc.'s Board of Directors evaluates and examines the proposal from the following viewpoints: whether the large-scale purchaser has complied with the rules according to the Policy; whether the content of the proposal would irretrievably harm JFE Holdings, Inc.; or whether the proposal would seriously impair the corporate value of JFE Holdings, Inc. or the common interests of the shareholders. The Board of Directors may also disclose its opinion externally, negotiate with the large-scale purchaser and submit any alternative plans to the shareholders. In addition, JFE Holdings, Inc. has established the Special Committee, which consists of three members who are Outside Directors and Outside Audit & Supervisory Board Members. In case the Special Committee submits recommendations to JFE Holdings, Inc.'s Board of Directors to the effect that the Board should take countermeasures to prevent the large-scale purchase, the Board of Directors may take countermeasures against the large-scale purchaser to protect the corporate value of JFE Holdings, Inc. and the common interests of the shareholders by referring to advice from outside professionals and respecting the recommendations to the maximum extent possible. Such countermeasures include the issuance of subscription rights to shares or any other measures that the Board of Directors is permitted to take under the Companies Act or other laws and JFE Holdings Inc.'s Articles of Incorporation. In certain cases prescribed in the Policy, the process for confirming the shareholder intent regarding whether to take countermeasures will be followed.

- (4) The confirmation that the above initiatives are compliant with the basic policy and do not impair the common interests of the shareholders or intend to improperly protect any executive positions, as well as the reasons thereof

The Policy provides that if a large-scale purchase of the JFE Holdings, Inc.'s shares is begun, necessary and adequate information, opinions, proposals, and so on will be promptly provided to shareholders and necessary and adequate time to investigate that information will be secured to ensure that shareholders can make accurate assessments regarding the impact of the large-scale purchase on the corporate value and the common interests of shareholders. In addition, the Special Committee, which consists of three members who are Outside Directors and Outside Audit & Supervisory Board Members, as an organization independent from JFE Holdings, Inc.'s Board of Directors, was established to ensure that the decisions of the Board of Directors relative to a large-scale purchase are made in a transparent, objective, fair and reasonable manner. Furthermore, in certain cases prescribed in the Policy, the intent of shareholders may be confirmed by following the process for confirming the shareholder intent regarding whether to take countermeasures, and the continuation of the Policy was approved

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at the Ordinary General Meeting of Shareholders held last year.

Consequently, the content of the Policy is based on the above basic policy and does not harm the common interests of shareholders nor intend to improperly protect any executive positions of JFE Holdings, Inc.

Note:

As for fractions less than the respective units in the Business Report, the amounts and the number of shares are rounded down, whereas ratios and other values are rounded off.

(Translation for reference only)

(Reference) Corporate Governance Initiatives

JFE Holdings, Inc. has been striving to promote sustainable growth of JFE Holdings, Inc. (the “Company”) and the JFE Group (the “Group”) and medium to long-term corporate value, and achieving and hence further enhancing the best corporate governance to embody the Corporate Vision. In October 2015 the Company established the “JFE Holdings, Inc. Basic Policy on Corporate Governance” (the “Policy”). A summary of the Policy and the Company’s corporate governance system may be found below. Moreover, the entire text of the Policy is available on the Company’s website at: <https://www.jfe-holdings.co.jp/>.

The Corporate Governance Systems of the Company and the Group

[The Group’s System]

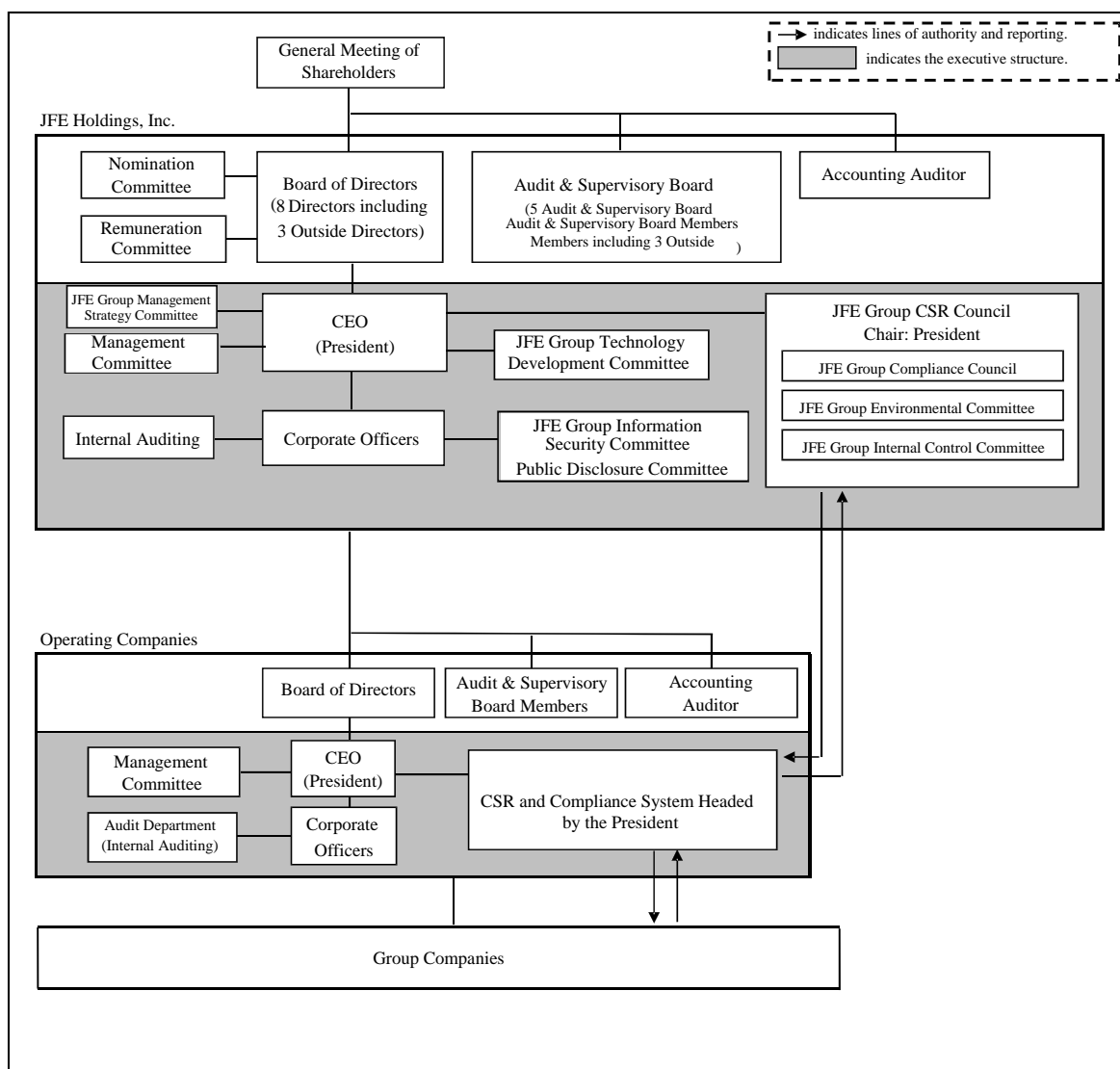
- The JFE Group has adopted a group system that treats the Company as the core pure holding company of the Group.
- The Company, the core of the Group’s integrated governance system, is responsible for Group-wide strategy, risk management, and public accountability.
- Each Operating Company has developed its own system suited to its respective industry, ensuring the best course of action for competitiveness and profitability.
- The holding company and operating companies separately and collectively strive to maximize medium to long-term corporate value for shareholders and other stakeholders.

[The Company’s System]

- The Company makes significant decisions on management and supervises the execution of duties at the Board of Directors.
- As a company with an Audit & Supervisory Board, the Audit & Supervisory Board and its Members implement the auditing of the status of the execution of duties.
- The Company separates material decision-making on management and supervision from business execution, and has adopted the Corporate Officer System to enhance prompt decision-making of matters pertaining to business execution.
- As consultative bodies of the Board of Directors, the Company has established the Nomination Committee and the Remuneration Committee.

(Translation for reference only)

Corporate Governance System (As of March 31, 2018)



Board of Directors

[Functions and Roles]

- In accordance with laws and regulations, the Articles of Incorporation and regulations of the Company such as the regulations of the Board of Directors, the Board of Directors makes material decisions on management including formulation of management plans of the Group and basic policies on management.
- The Board of Directors supervises the overall management including business execution by the Company executives.
- According to the internal rules of the Company, the Company has established clear standards that clarify the authority of decision-making and the decision-making procedures concerning the matters pertaining to the Company and each company within the JFE Group.

(Translation for reference only)

- Significant matters are subject to deliberation at the JFE Group Management Strategy Committee, Management Committee and resolution of the Company's Board of Directors.
- For the purpose of facilitating prompt decision-making, the authority of making decisions other than those related to significant business execution set forth in the Rules of the Board of Directors is, in principle, granted to Corporate Officers in charge of the corresponding business.

Structure of the Board of Directors / Policy on Election of Candidates for Director

[Basic Philosophy Regarding Structure]

- The Company's Board of Directors comprises members who possess diversified knowledge, experience, and abilities. The number of the Directors shall not exceed 12, with the aim of composing one-third or more of the Directors by Independent Outside Directors.

[Election Policy]

- With regard to inside Directors, persons with appropriate insight to bear decision-making of management of the whole Group and supervision of business execution will be elected from those possessing profound understanding and knowledge of the business by way of processes such as engagement in management of the Company or at each Operating Company.
- Several Independent Outside Directors will be elected from among persons who possess abundant experience in the management of global enterprises, or experts with profound knowledge in their fields and who also satisfy the Company's standards for independence, as they will bear the responsibility for strengthening governance.

Audit & Supervisory Board Members / Audit & Supervisory Board

[Functions and Roles]

- Audit & Supervisory Board Members of the Company, as members of an independent entity, endeavor to ensure the sound and sustainable growth and the enhancement of social trust of the Company through auditing of the execution of duties by Directors.
- Audit & Supervisory Board Members of the Company, with the aim of appropriately executing their duties, communicate with Directors, etc. and express their opinions as necessary.
- Audit & Supervisory Board Members communicate with Directors, etc. of subsidiaries and endeavor to collect information and improve the auditing environment.
- Audit & Supervisory Board Members, through the Audit & Supervisory Board, endeavor to share the significant information obtained from their duties, and aim for appropriate auditing through exchange of opinions with other Audit & Supervisory Board Members.
- Full-time Audit & Supervisory Board Members endeavor to collect information through examination of the state of business and assets in addition to attending important meetings, and actively contribute to the improvement of the auditing environment.

(Translation for reference only)

- Outside Audit & Supervisory Board Members of the Company aim for the further enhancement of the neutrality and independence of the auditing system and functions, and carry out auditing operations from a broader perspective.
- Audit & Supervisory Board Members and the Audit & Supervisory Board of the Company endeavor to improve the effectiveness of auditing by appropriately executing their authority as stipulated by laws and regulations.

Structure of the Audit & Supervisory Board / Policy on Election of Candidates for Audit & Supervisory Board Members

[Basic Philosophy Regarding Structure]

- The Audit & Supervisory Board comprises members who possess appropriate knowledge concerning finance and accounting. The number of Audit & Supervisory Board Members shall not exceed six (6), of whom at least half shall be Outside Audit & Supervisory Board Members.

[Election Policy]

- With regard to inside Audit & Supervisory Board Members, persons with knowledge and experience enabling the auditing of execution of duties by Directors in an accurate and fair manner, who deliver insight appropriate to supervisory functions, shall be elected from those possessing profound understanding and knowledge of the business by way of processes such as engagement in management or auditing of the Company or each Operating Company.
- Several Independent Outside Audit & Supervisory Board Members will be elected from among persons who possess abundant experience in the management of global enterprises, or experts with profound knowledge in their fields, and must also be individuals who satisfy the Company's standards for independence, as they will bear the responsibility for enhancing the audit function.

JFE CSR System

[Basic Philosophy Regarding CSR]

- The JFE Group, aiming to contribute to the betterment of society as a responsible member, has made the implementation and ongoing strengthening of corporate social responsibility (CSR) central to its business.

[CSR Promotion Structure]

- The JFE Group CSR Council, as well as the JFE Group Compliance Council, JFE Group Environmental Committee, JFE Group Internal Control Committee established under the Council, deliberate, supervise and share information on JFE Group's CSR activities in such areas as compliance, the environment, human resources and labor, safety & disaster prevention and internal control.

(Translation for reference only)

Nomination Committee and Remuneration Committee

- In October 2015 the Company established the Nomination Committee and the Remuneration Committee which act as consultative bodies of the Board of Directors to ensure the fairness, objectiveness and transparency of personnel affairs and remuneration of the Board of Directors.
- The Nomination Committee and the Remuneration Committee comprise of a majority of Outside Directors/Audit & Supervisory Board Members, respectively, and the chairpersons are determined from Outside Directors/Audit & Supervisory Board Members.
- In FY2017, the Nomination Committee was convened four times and the Remuneration Committee was convened seven times.

The composition of each Committee is as follows.

Nomination Committee

As of March 31, 2018

Chairman	Masami Yamamoto	Outside Director
Committee Member	Masafumi Maeda	Outside Director
Committee Member	Masao Yoshida	Outside Director
Committee Member	Shigeo Ohyagi	Outside Audit & Supervisory Board Member
Committee Member	Eiji Hayashida	Board of Director
Committee Member	Koji Kakigi	Board of Director

Remuneration Committee

As of March 31, 2018

Chairman	Masafumi Maeda	Outside Director
Committee Member	Masami Yamamoto	Outside Director
Committee Member	Hiroyuki Itami	Outside Audit & Supervisory Board Member
Committee Member	Shigeo Ohyagi	Outside Audit & Supervisory Board Member
Committee Member	Eiji Hayashida	Board of Director
Committee Member	Koji Kakigi	Board of Director

The planned composition of each committee after the 16th Ordinary General Meeting of Shareholders is set forth below.

Nomination Committee

Committee Member	Masao Yoshida	Outside Director
Committee Member	Masami Yamamoto	Outside Director
Committee Member	Shigeo Ohyagi	Outside Audit & Supervisory Board Member
Committee Member	Tsuyoshi Numagami	Outside Audit & Supervisory Board Member
Committee Member	Eiji Hayashida	Board of Director
Committee Member	Koji Kakigi	Board of Director

(Translation for reference only)

Remuneration Committee

Committee Member	Masami Yamamoto	Outside Director
Committee Member	Nobumasa Kemori	Outside Director
Committee Member	Shigeo Ohyagi	Outside Audit & Supervisory Board Member
Committee Member	Isao Saiki	Outside Audit & Supervisory Board Member
Committee Member	Eiji Hayashida	Board of Director
Committee Member	Koji Kakigi	Board of Director

(Translation for reference only)

Consolidated Balance Sheet

As of March 31, 2018

(Millions of yen)

Items	Amount	Items	Amount
(ASSETS)		(LIABILITIES)	
Current assets	1,955,942	Current liabilities	1,190,298
Cash and deposits	76,111	Notes and accounts payable - trade	471,897
Notes and accounts receivable - trade	855,730	Short-term loans payable	285,542
Merchandise and finished goods	351,961	Commercial papers	6,000
Work in progress	60,292	Current portion of bonds	15,000
Raw materials and supplies	438,086	Other	411,858
Other	175,947	Non-current liabilities	1,264,041
Allowance for doubtful accounts	(2,188)	Bonds payable	80,000
Non-current assets	2,504,961	Long-term loans payable	944,376
Property, plant and equipment	1,702,248	Deferred tax liabilities for land revaluation	9,113
Buildings and structures	402,598	Net defined benefit liability	127,435
Machinery, equipment and vehicles	699,324	Other	103,115
Land	489,588	Total liabilities	2,454,339
Construction in progress	76,544	(NET ASSETS)	
Other	34,191	Shareholders' equity	1,823,161
Intangible assets	83,724	Capital stock	147,143
Investments and other assets	718,988	Capital surplus	646,639
Investment securities	325,413	Retained earnings	1,208,448
Shares of subsidiaries and associates	312,880	Treasury shares	(179,070)
Net defined benefit asset	18,082	Accumulated other comprehensive income	123,065
Other	64,304	Valuation difference on available-for-sale securities	91,359
Allowance for doubtful accounts	(1,691)	Deferred gains or losses on hedges	(186)
		Revaluation reserve for land	16,288
		Foreign currency translation adjustment	9,791
		Remeasurements of defined benefit plans	5,812
		Non-controlling interests	60,337
		Total net assets	2,006,563
Total assets	4,460,903	Total liabilities and net assets	4,460,903

Note: Amounts are rounded down to the nearest million yen.

(Translation for reference only)

Consolidated Statement of Income

From April 1, 2017 to March 31, 2018

(Millions of yen)

Items	Amount	
Net sales		3,678,612
Cost of sales		3,096,019
Gross profit		582,592
Selling, general and administrative expenses		335,923
Operating income		246,669
Non-operating income		
Interest income	1,492	
Dividend income	7,879	
Rent income	7,295	
Other	15,636	32,303
Non-operating expenses		
Interest expenses	13,026	
Loss on retirement of non-current assets	18,353	
Share of loss of entities accounted for using equity method	8,732	
Other	22,521	62,633
Ordinary income		216,339
Extraordinary income		
Gain on sales of investment securities	29,388	29,388
Extraordinary losses		
Impairment loss	28,496	
Expenses for treatment of PCB waste	3,850	32,346
Profit before income taxes		213,381
Income taxes - current	60,616	
Income taxes - deferred	2,777	63,393
Profit		149,987
Profit attributable to non-controlling interests		5,349
Profit attributable to owners of parent		144,638

Note: Amounts are rounded down to the nearest million yen.

(Translation for reference only)

(Reference)

Consolidated Statement of Cash Flows

(From April 1, 2017 to March 31, 2018)

		(Millions of yen)
	Items	Amount
I.	Cash flows from operating activities	
	Profit before income taxes	213,381
	Depreciation	159,562
	Increase (decrease) in allowance for doubtful accounts	(10,082)
	Interest and dividend income	(9,372)
	Interest expenses	13,026
	Decrease (increase) in notes and accounts receivable - trade	(37,059)
	Decrease (increase) in inventories	(75,445)
	Increase (decrease) in notes and accounts payable - trade	2,713
	Other, net	66,407
	Subtotal	323,133
	Interest and dividend income received	16,326
	Interest expenses paid	(13,143)
	Income taxes paid	(27,504)
	Net cash provided by (used in) operating activities	298,811
II.	Cash flows from investing activities	
	Purchase of non-current assets	(247,191)
	Proceeds from sales of non-current assets	2,893
	Purchase of investment securities	(10,847)
	Proceeds from sales of investment securities	64,798
	Other, net	(4,488)
	Net cash provided by (used in) investing activities	(194,835)
III.	Cash flows from financing activities	
	Net increase (decrease) in short-term loans payable	4,523
	Increase (decrease) in commercial papers	(1,999)
	Proceeds from long-term loans payable	378,474
	Repayment of long-term loans payable	(397,502)
	Proceeds from issuance of bonds	20,000
	Redemption of bonds	(50,000)
	Purchase of treasury shares	(226)
	Cash dividends paid by parent company	(34,510)
	Other, net	(9,757)
	Net cash provided by (used in) financing activities	(90,998)
	Effect of exchange rate change on cash and cash equivalents	(7,059)
	Net increase (decrease) in cash and cash equivalents	5,917
	Cash and cash equivalents at April 1, 2017	69,383
	Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(75)
	Cash and cash equivalents at March 31, 2018	75,225

Note: Amounts are rounded down to the nearest million yen.

(Translation for reference only)

(Reference)

Segment Information

(From April 1, 2017 to March 31, 2018)

1. Overview of reportable segments

The Group organized under JFE Holdings executed commercial activities through three operating companies—JFE Steel Corporation, JFE Engineering Corporation and JFE Shoji Trade Corporation—in accordance with the characteristics of their respective businesses. Consolidated reporting segments, one for each operating company, were characterized by their constituent products and services.

Each segment had its own respective products and services. The steel business produced and sold various steel products, processed steel products and raw materials, and provided transportation and other related businesses, such as facility maintenance and construction. The engineering business handled engineering for energy, urban environments, steel structures and industrial machines, recycling and electricity retailing. The trading business purchased, processed and distributed steel products, raw materials for steel production, nonferrous metal products, and food, etc.

2. Method of calculating net sales, income or loss, assets, and other items by reportable segment

Profits for each reporting segment shown below are ordinary profit. Inter-segment transactions are those conducted between companies at market prices.

3. Information concerning net sales, income or loss, assets, and other items by reportable segment

(Millions of yen)

	Reportable segment				Adjustments	Amount recorded on consolidated financial statements
	Steel	Engineering	Trading	Total		
Net sales						
Net sales (unaffiliated customer)	1,717,038	380,981	1,580,592	3,678,612	-	3,678,612
Intersegment sales or transfers	998,436	10,367	327,311	1,336,114	(1,336,114)	-
Total	2,715,474	391,348	1,907,904	5,014,727	(1,336,114)	3,678,612
Segment income	198,850	19,386	33,070	251,308	(34,968)	216,339
Segment assets	3,801,264	381,922	710,620	4,893,806	(432,903)	4,460,903
Others						
Depreciation	146,163	7,537	5,858	159,559	3	159,562
Amortization of goodwill	0	294	1,548	1,842	-	1,842
Interest income	1,110	106	502	1,718	(226)	1,492
Interest expenses	11,321	396	1,966	13,684	(657)	13,026
Equity method investment gain (loss)	20,546	1,039	1,426	23,012	(31,744)	(8,732)
Investment in equity method affiliates	262,658	9,515	12,317	284,490	26,226	310,717
Increase in property, plant, equipment, and intangible assets	238,861	11,859	6,569	257,290	1	257,291

(Translation for reference only)

Non-consolidated Balance Sheet

As of March 31, 2018

(Millions of yen)

Items	Amount	Items	Amount
(ASSETS)		(LIABILITIES)	
Current assets	471,485	Current liabilities	393,312
Cash and deposits	5,069	Short-term loans payable	167,851
Operating accounts receivable	953	Commercial papers	6,000
Short-term loans receivable	436,416	Current portion of bonds	15,000
Deferred tax assets	34	Accounts payable - other	689
Other	29,011	Accrued expenses	1,203
		Income taxes payable	23,852
		Deposits received	178,667
		Provision for directors' bonuses	47
Non-current assets	1,894,821	Non-current liabilities	991,931
Property, plant and equipment	0	Bonds payable	80,000
Tools, furniture and fixtures	0	Long-term loans payable	911,535
		Other	395
Intangible assets	8	Total liabilities	1,385,243
Trademark right	8	(NET ASSETS)	
		Shareholders' equity	981,340
Investments and other assets	1,894,811	Capital stock	147,143
Shares of subsidiaries and associates	901,988	Capital surplus	772,574
Investments in capital	3	Legal capital surplus	772,574
Long-term loans receivable	992,575	Other capital surplus	0
Long-term prepaid expenses	21	Retained earnings	145,145
Deferred tax assets	218	Other retained earnings	145,145
Other	5	Retained earnings brought forward	145,145
		Treasury shares	(83,523)
		Valuation and translation adjustments	(277)
		Deferred gains or losses on hedges	(277)
		Total net assets	981,063
Total assets	2,366,306	Total liabilities and net assets	2,366,306

Note: Amounts are rounded down to the nearest million yen.

(Translation for reference only)

Non-consolidated Statement of Income

From April 1, 2017 to March 31, 2018

(Millions of yen)

Items	Amount	
Operating revenue		
Dividend income	17,780	
Financial revenue	14,207	
Management fee income	2,584	34,572
Operating expenses		
Financial expenses	14,211	
General and administrative expenses	2,350	16,562
Operating income		18,010
Ordinary income		18,010
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	60,110	60,110
Loss before income taxes		(42,100)
Income taxes - current		(939)
Income taxes - deferred		1,018
Loss		(42,180)

Note: Amounts are rounded down to the nearest million yen.

Independent Auditor's Report

May 9, 2018

Mr. Eiji Hayashida
Representative Director, President and CEO
JFE Holdings, Inc.

Ernst & Young ShinNihon LLC

Yasuharu Nakajima
Certified Public Accountant
Designated and Engagement Partner

Yusuke Nakamura
Certified Public Accountant
Designated and Engagement Partner

Yoshihiro Shibata
Certified Public Accountant
Designated and Engagement Partner

Takashi Inayoshi
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 444, Section 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of JFE Holdings, Inc. (the "Company") applicable to the fiscal year from April 1, 2017 to March 31, 2018.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Translation for reference only)

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the JFE Group, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended March 31, 2018 in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

As stated in Change in Accounting Policies Difficult to Distinguish from Changes in Accounting Estimates, the Company changed the depreciation method for property, plant and equipment (excluding leased assets) from the current fiscal year.

This matter does not affect our opinion.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

Independent Auditor's Report

May 9, 2018

Mr. Eiji Hayashida
Representative Director, President and CEO
JFE Holdings, Inc.

Ernst & Young ShinNihon LLC

Yasuharu Nakajima
Certified Public Accountant
Designated and Engagement Partner

Yusuke Nakamura
Certified Public Accountant
Designated and Engagement Partner

Yoshihiro Shibata
Certified Public Accountant
Designated and Engagement Partner

Takashi Inayoshi
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 436, Section 2, Paragraph 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules of JFE Holdings, Inc. (the "Company") applicable to the 16th term from April 1, 2017 to March 31, 2018.

Management's Responsibility for the Financial Statements and the Related Supplementary Schedules
Management is responsible for the preparation and fair presentation of these financial statements and the related supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the related supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and the related supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the related supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the related supplementary schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the related supplementary schedules, whether due to fraud or error. The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements and the related supplementary schedules in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the related supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our

(Translation for reference only)

audit opinion.

Opinion

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of JFE Holdings, Inc., applicable to the 16th fiscal year ended March 31, 2018 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

(Translation for reference only)

The Audit Report

Regarding the performance of duties by Directors for the 16th term from April 1, 2017 to March 31, 2018, Audit & Supervisory Board of JFE Holdings, Inc., hereby submits its audit report, which has been prepared through discussions based on the audit reports prepared by the respective Audit & Supervisory Board Members.

1. Auditing Methods Employed by the Audit & Supervisory Board Members and Audit & Supervisory Board and the Substance Thereof

(1) In compliance with the Auditing Rules of the Audit & Supervisory Board Members and auditing plans specified by Audit & Supervisory Board and based on the assigned tasks and others, each Audit & Supervisory Board Member has communicated with the Directors, the Corporate Officers and other relevant personnel to collect necessary information and improve the auditing environment. Each Audit & Supervisory Board Member has audited in the following manner.

1) Each Audit & Supervisory Board Member has attended the meetings of the Board of Directors and other important meetings; heard about the execution of their duties from the Directors, the Corporate Officers and other relevant personnel; requested explanations therefrom, as required; examined important *kessaisho* and associated information; and studied the operations and financial position of JFE Holdings, Inc.

Moreover, each Audit & Supervisory Board Member has communicated and exchanged information with the Directors, the Audit & Supervisory Board Members and other relevant personnel of the subsidiaries, received reports on operations therefrom, visited subsidiaries and studied the operations and financial position of the subsidiaries, as required.

2) Each Audit & Supervisory Board Member has supervised and verified the substance of the resolution adopted by the Board of Directors with regard to the improvement of the systems stipulated in Article 100, Paragraphs 1 and 3, of the Ordinance for Enforcement of the Companies Act as the systems to ensure compliance of the execution of Directors' duties described in the Business Report with laws, regulations, and the Articles of Incorporation and other requirements to ensure the propriety of business operations of the corporate group consisting of a stock company and its subsidiaries, as well as the current situation of in-house systems (internal control systems) that have been improved and operated pursuant to the resolution concerned.

Moreover, each Audit & Supervisory Board Member has heard about the internal control relative to financial reporting from the Directors, the Corporate Officers and Ernst & Young ShinNihon LLC at the proper time and requested explanations therefrom, as required.

3) Each Audit & Supervisory Board Member has confirmed the substance of the Basic Policy Regarding Control of a Company (matters set forth in Article 118, Items 3 (a) and (b), of the Ordinance for Enforcement of the Companies Act), which is described in the Business Report.

4) Each Audit & Supervisory Board Member has supervised and verified whether the Accounting Auditor maintains independence and has done appropriate audits, and has received reports on the execution of their duties and requested explanations, as required, from the Accounting Auditor. In addition, each Audit & Supervisory Board Member has been notified that "Systems to Ensure Appropriate Execution of Duties" (matters set forth in the respective items of Article 131 of the Company Accounting Ordinance) have been improved in accordance with the "Quality Control Standards for Audits" (Business Accounting Council on October 28, 2005) and others, and requested explanations therefrom, as required.

(2) Audit & Supervisory Board determined auditing plans, assigned tasks and others; received reports about the progress and results of audits from each Audit & Supervisory Board Member; received reports on the execution of their duties; and requested explanations, as required, from the Directors, the Corporate Officers and the Accounting Auditor.

In the manner explained above, each Audit & Supervisory Board Member and Audit & Supervisory Board have examined the Business Report and supplementary schedule thereof, the consolidated financial statements (Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Net Assets and Notes to the Consolidated Financial Statements), as well as the non-consolidated financial statements (Non-Consolidated Balance Sheet, Non-Consolidated Statement of Income, Non-Consolidated Statement of

(Translation for reference only)

Changes in Net Assets and Notes to the Non-Consolidated Financial Statements) and the related supplementary schedules thereof of JFE Holdings, Inc., pertaining to the fiscal year ended March 31, 2018.

2. Audit Results

(1) Audit results regarding the Business Report, etc.

- 1) In our opinion, the Business Report and the supplementary schedules thereof fairly represent JFE Holdings, Inc.'s conditions in accordance with the related laws and regulations and the Articles of Incorporation.
- 2) We have found no evidence of wrongful action or material violation of laws, regulations or the Articles of Incorporation by any Directors with regard to the execution of their duties.
- 3) In our opinion, the substance of the resolution regarding the internal control systems is fair and reasonable. We have found no matters to remark with regard to the execution of duties by the Directors concerning the internal control systems, including internal control relative to financial reporting.
- 4) We have found no matters to remark with regard to the Basic Policies Regarding Control of a Company. In our opinion, each initiative taken under the policies complies with said policies. Accordingly, they do not impair the common interests of JFE Holdings, Inc.'s shareholders or have the intention of improperly protecting any executive positions at JFE Holdings, Inc.

(2) Audit results regarding the consolidated financial statements

In our opinion, the audit methods and results employed and rendered by the Accounting Auditor, Ernst & Young ShinNihon LLC, are fair and reasonable.

(3) Audit results regarding the non-consolidated financial statements and the supplementary schedules thereof

In our opinion, the audit methods and results employed and rendered by the Accounting Auditor, Ernst & Young ShinNihon LLC, are fair and reasonable.

May 11, 2018

Audit & Supervisory Board of JFE Holdings, Inc.

Audit & Supervisory Board Member (Full-time)	Shotaro Tsumura
Audit & Supervisory Board Member (Full-time)	Nobuya Hara
Outside Audit & Supervisory Board Member	Hiroyuki Itami
Outside Audit & Supervisory Board Member	Shigeo Ohyagi
Outside Audit & Supervisory Board Member	Isao Saiki

(English Translation of the Japanese original)

This translation has been prepared for reference only. The Japanese language version will control if any discrepancy arises.